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Germany's Struggle For Weapons Sales

Pressure Builds for Bonn to Relax Curbs on Exporting Advanced Arms

By Warren Getler
International Herald Tribune

BONN — West Germany has one of the world's most efficient arms industries, capable of producing advanced tanks with the same quality engineering as a Mercedes-Benz automobile.

Yet, marketing those tanks abroad will never be as easy as selling the Mercedes, for reasons of history and Bonn's perennial anxiety about its self-image.

First of two articles

But pressures are mounting here to allow West Germany's arms industry freer access to global markets, a move that would almost certainly intensify criticism, at home and abroad, of the center-right government.

"A sharp drop-off in arms procurement by the German military in tanks, aerospace and shipbuilding has led to redoubled efforts by the German arms industry to pressure Bonn into easing up on existing arms-export restrictions," said Herbert Wulf, a director at Hamburg University's Institute for Peace Research and Security Policy.

Moreover, Chancellor Helmut Kohl has often asserted that he is part of a post-war generation that prefers to look forward without dwelling on the past.

The factors pressing Bonn to loosen its tight lid on weapons exports, particularly at a time of high unemployment, include the need to maintain jobs and technological progress in a wide range of fields related to the military industry: optics, automotive engineering, radar and aerospace.

A recent series of corporate takeovers has woven these fields closer together, giving the arms sector more financial clout and improved competitiveness.

"The biggest success in German arms exports has been in tanks and armored vehicles," said Michael Brzoska, co-director of the Arms-Trade Project at the Stockholm International Peace Research Institute, a military research organization. "And that success is chiefly due to German advances in automotive engineering, in constructing efficient gearboxes and the like — all that adds up to very fast, very mobile tanks."

But it is precisely the tank-building industry, pinched by export restrictions and dwindling orders in the North Atlantic Treaty Organization, that is calling on Bonn for help to raise capacity use, from its current low of 60 percent, and thereby avoid the prospect of major layoffs.

West Germany has provided 60 percent of NATO's main tanks in Central Europe and 30 percent of its aircraft, according to figures provided by Richard R. Burt, the U.S. ambassador to West Germany. NATO, however, is nearing the end of a major conventional-force modernization, and austerity-minded member governments are not inclined to significantly expand military budgets.

The Stockholm institute said West Germany's military industry generated 25 billion to 30 billion Deutsche marks ($12.2 billion to $14.6 billion) worth of equipment in 1985, or about 1.5 percent of gross national product, the total output of goods and services. The government declines to provide official figures on weapons exports.

Typically, 15 to 20 percent of annual output is exported, the institute said, and the major customers have been in the developing world. Argentina, Saudi Arabia and Turkey have been among the leading customers.

According to the institute's estimates, 240,000 West Germans had jobs last year in the arms sector, about 1 percent of the work force.

The 240,000 West Germans accounted for just under 2 percent of worldwide employment in the arms industry, compared with 2.7 percent for Britain's 315,000 weapons-industry employees; 2.8 percent for France's 330,000; 20 percent for the United States' 2.2 million, and about 40 percent for the Soviet Union's nearly 5 million, according to the institute.

As for world market share, West Germany's reach has expanded steadily since the mid-1960s. But it continues to rank fifth in total exports — close to Britain, yet far behind the Soviet Union, United States and France — of major weapons systems, comprising ships, aircraft, armored vehicles, missiles and artillery.

In small arms, West Germany's Heckler & Koch, a private family-owned company, ranks among the largest exporters of assault rifles, with sales in more than 50 nations and licensed production in a dozen, including Iran.

Mr. Brzoska of the Stockholm institute said West Germany garnered 3.9 percent of total arms exports to the Third World in the 1981-85 period. That was up from

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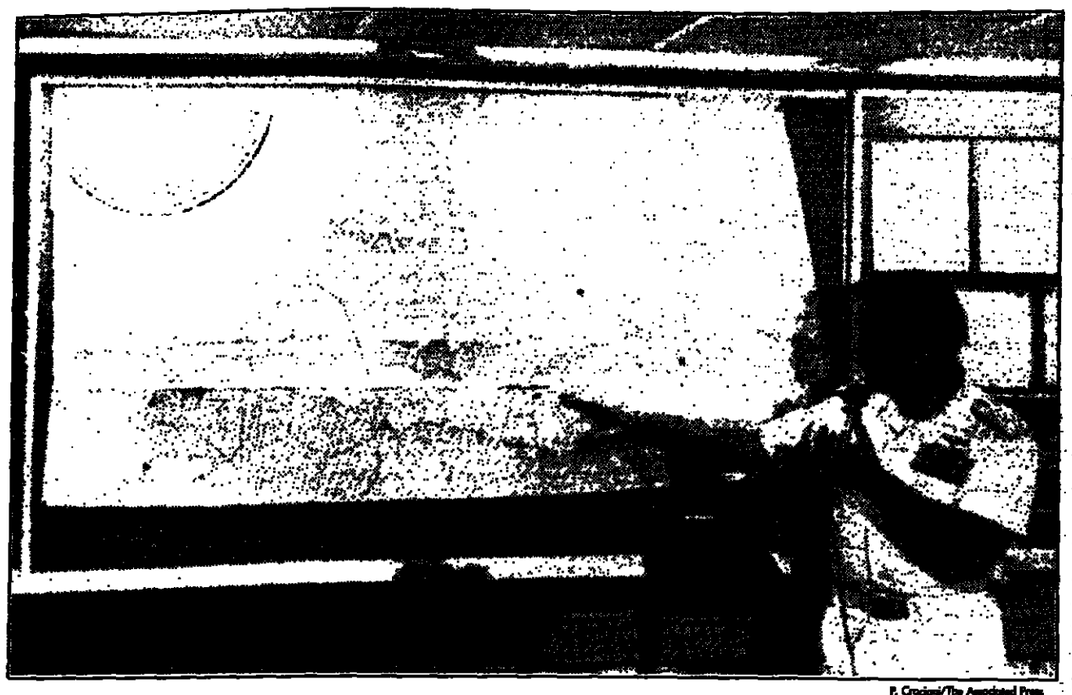

P. Crociani/The Associated Press

Rear Admiral Raymond P. Ilg, commander of the U.S. carrier group taking part in exercises with Egyptian naval forces in the Mediterranean, pointed to a map as he emphasized that the maneuvers posed no threat to Libya.

Moscow Criticizes U.S. Stance on Libya

By Gary Lee
Washington Post Service

MOSCOW — The Soviet Union criticized the United States on Thursday for "attempts to subjugate" Libya and said Moscow was sending a senior-level delegation to Tripoli on Saturday.

Gennadi Gerasimov, a Soviet Foreign Ministry spokesman, said at a press briefing for foreign journalists that the Reagan administration had "again put into circulation the thesis of the Libyan threat."

"The Soviet Union has always stood and stands now against international terrorism," he said. "We are against the method of hiding behind the words of international terrorism and attempts to subjugate an independent country."

Libya is one of Moscow's principal allies in the Arab world. The United States and Egypt have conducted joint air and sea exercises off Libya this week.

"We consider that the policy of the United States cannot be justified by anything," Mr. Gerasimov said. Washington has turned Libya into a "scapegoat," he said.

A U.S. envoy will approach European allies with ideas for trade curbs on Libya. Page 3.

"They are trying to represent it as a terrorist state," he said. "Libya is a victim of aggression on the part of the U.S."

Mr. Gerasimov said that a Soviet delegation, headed by Pyotr N. Demichev, who is first vice president of the Supreme Soviet and a deputy to President Andrei A. Gromyko, would leave Saturday for Libya.

The delegation will take part in ceremonies Sept. 1 in Tripoli celebrating the Libyan revolution.

"Certainly it doesn't mean that the delegation will have no time for business," Mr. Gerasimov said.

Pravda, the Communist Party newspaper, Thursday described U.S. actions against Libya as "glaring cynicism." Vladimir Peresada, wrote in an editorial that: "The essence of the anti-Libyan fuss in the U.S. is utterly cynical.

Washington, he added, "means to commit another terrorist action against a sovereign country."

When the U.S. military air raid was launched on Tripoli in April, Moscow canceled a meeting scheduled in May between George P. Shultz, the U.S. secretary of state, and the Soviet foreign minister, Eduard A. Shevardnadze.

In late May, Mikhail S. Gorbachev, the Soviet leader, met with Abdel Salam Jalloud, deputy to Moammar Gadhafi, the Libyan leader. Mr. Gorbachev issued a warning against actions that could serve as "pretexts" for "imperialist attacks."

■ Gadhafi Visits Port

Colonel Gadhafi toured the port of Misratah on the gulf of Sidra and said afterward that he was not worried by the threat of a U.S. attack, The Associated Press reported.

Colonel Gadhafi visited a mosque to pray, then stopped at a government rest house. Western journalists summoned for the occasion watched him shake hands with elderly members of a local governing group.

Asked to comment on an American warning that Libya risked another attack if it continued its alleged support of terrorism, Colonel Gadhafi answered in English, "We have no time to speak about this."

Siege Declared As Bolivia Fights Mounting Unrest

The Associated Press

LA PAZ — The Bolivian government declared a nationwide state of siege Thursday and arrested scores of labor, political and church leaders in response to widespread protests against the closing of mines and economic austerity measures.

The government of President Victor Paz Estenssoro imposed a curfew from midnight to 6 A.M., banned political and union activity, outlawed all meetings, gave security forces the power to make arrests without judicial orders and prohibited travel between cities, officials said.

Police rounded up dozens of labor leaders in La Paz and five provincial cities in house-to-house raids, radio reports said.

A decree said the siege was imposed to crush a "state of subversion" in the nation caused by the striking workers intent on carrying out "a violent plan of insurrection" by striking tin miners.

About 40 miles (65 kilometers) outside the capital of La Paz, soldiers stopped a protest march of several thousand of the miners and their families, Irving Alcaraz, undersecretary of information, said. The troops put the demonstrators on trucks and sent them back to the mining city of Oruro, he said.

The leaders of the march were detained, Mr. Alcaraz said.

The miners left Oruro, 150 miles from the capital, last week to march on La Paz to protest the closing of mines and dismissal of miners.

In La Paz, police in combat gear seized the head office of the leftist Bolivian Labor Confederation, known here by the Spanish acronym COB. The group had called for a one-day work stoppage in the capital on Friday to welcome the marching miners.

The leadership of the organization, which includes all unionized workers, went into hiding to avoid arrest, the group's press spokesman said.

Last week, the confederation called a two-day general strike to protest government austerity policies and the presence of 170 U.S. troops backing raids against clandestine cocaine installations. Cocaine is a staple of the Bolivian economy.

Air force planes buzzed over the capital Thursday. Members of the national guard blocked off San Andres University in La Paz and government office buildings, witnesses said.

Among those detained were two leading United Methodist Church pastors, Jorge Pantelis and Gustavo Loza, the Bolivian Human Rights Assembly said.

[Information Minister Herman Antelo said the government had also detained some labor leaders, Reuters reported. They included Andres Solis, the head of the Bolivian press union association and a correspondent for Agence-France Presse.]

The protests were in reaction to government austerity measures to revive an economy badly hurt by falling world commodity prices and high inflation. U.S.-assisted raids on cocaine processing laboratories also have hurt the economy and brought strong opposition from some labor groups.

On Tuesday, the government announced a reorganization of the unprofitable nationalized mining industry. Under the plan, most mines will be closed or offered to workers as collectives.

The government already has dismissed 7,000 miners and is expected to lay off at least 8,000 more out of a total mining work force of 20,000.

A sharp decline in the world price of tin, the main ore produced in Bolivia, has devastated the industry.

The decree authorizing the state of siege said: "Since the government decided to rehabilitate the

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French Grow Dubious on Lebanon Role

By Richard Bernstein
New York Times Service

PARIS — Disturbed by recent clashes between its forces and Moslem militias, the French government has become increasingly unhappy over the situation facing its contingent in the United Nations peacekeeping force in southern Lebanon, according to diplomats and officials.

A government spokesman, Denis Baudouin, apparently seeking to quell speculation that France was planning to withdraw from the UN Interim Force in Lebanon, said Thursday that there was "no question of a unilateral retreat."

Officials in Paris have said privately, however, that if the situation does not improve, France and the eight other countries that have contributed troops in southern Lebanon may have "no choice" other than to withdraw.

The French contingent is the largest in the 5,800-member, multinational force in southern Lebanon known as UNIFIL. Ten members of the French contingent have been killed since the force was established by the UN Security Council in 1978.

A renewed series of attacks on the UN force began Aug. 11 with a clash between French troops and members of the Shiite militia Amal. Seventeen French soldiers have been wounded since then in what have become nearly daily clashes.

Speculation about a possible French withdrawal from the UN force began mounting last week when the French government, citing the "seriously exposed" position of the French contingent, demanded that the Security Council provide better resources for UN troops in southern Lebanon and undertake a "deep reflection" of the role of the entire force.

The French did not clarify what a reexamination of UNIFIL's role might mean in concrete terms, but many French analysts saw the move as a diplomatic prelude to a withdrawal from the force.

That interpretation gained currency Tuesday when Prime Minister Jacques Chirac, in a speech to constituents in his home district in central France, said it would be "absurd" to keep the UN force in place unless they were better protected.

Mr. Chirac said it was "important that the UN redefine the mission of the peacekeeping force in the Middle East, failing which it would be absurd to maintain these soldiers under the conditions existing there."

Diplomats in Paris said that a withdrawal of the French contingent from the UN peacekeeping force would have strong practical and psychological effects on its ability to function in Lebanon.

France, they noted, is not only the largest contributor of troops to the UN force, but the Western country with the strongest historical commitment to the unity of Lebanon.

Meanwhile, the French Defense Ministry on Thursday denied recent reports that French ships had been rerouted from other tasks in order to be available to transport French troops out of southern Lebanon.

Pretoria Raises Death Toll in Soweto Unrest to 21

By Alan Cowell
New York Times Service

JOHANNESBURG — The South African authorities revised their figures Thursday for the number of blacks killed in violence in Soweto two days before, saying 21 persons died. This was nine more than were officially acknowledged Wednesday.

The authorities said they would order an inquest into the slayings, but the opposition United Democratic Front, the biggest nonparliamentary anti-apartheid group in the country, said the killings represented a "cold-blooded massacre" and that the death toll was higher.

The official tally places the killings by the police among the highest since the nation's newest convulsion of violence and protest began almost two years ago. Moreover, the revised death toll in Soweto, a black satellite of Johannesburg, was by far the highest since unrest there in 1976 that claimed more than 550 lives.

Since September 1984, more than 2,200 people, most of them black, have died in protests and violence. Since the newest emergency decree was imposed June 12, 270 people have died.

Rent boycotts are spreading as a tactic among South African blacks. Page 2.

The Soweto killings were the worst since the decree was imposed and seemed to belie official assertions that emergency rule had brought some calm to black townships.

In Pretoria, meanwhile, one of the nation's best-known Catholic priests, Father Smangaliso Mkhatshwa said in a sworn affidavit before a court that, since his detention under the June 12 emergency decree, he had been tortured.

Five interrogators, he said, worked in shifts to keep him awake for 30 hours, standing on the same spot, with his genitals and buttocks bared, while abuse was hurled at him. Father Smangaliso is secretary of the South African Catholic Bishops Conference and his testimony provided the most detailed evidence of purported police torture in the 11 weeks since the emergency was decreed.

During the interrogation, the priest said, "a creepy creature or instrument was fed into my backside. From there it would move up and down my legs, thighs and invariably end up biting my genitals."

Father Smangaliso said his interrogators hurled abuse at him, demanding to know why he took part in political activism, and why he sought the release of Nelson Mandela, the imprisoned nationalist leader. Without elaborating, he said his interrogator offered "assistance" in answering the questions.

"At some stage," his affidavit said, "I lost all sense of time, distance, orientation or awareness. My whole being went numb. Through their 'assistance,' I was able to continue."

Under emergency rules, the authorities may detain people without charge or trial. Civil rights groups monitoring the detentions say 12,000 to 16,000 people, most of them black activists, have been seized.

Students at the University of the Witwatersrand in Johannesburg held a demonstration to protest the 21 deaths.

In a separate development, the authorities in Cape Town, pursuing a campaign to reduce the size of the Crossroads squatter camp, were said by witnesses to have demolished the homes of more than 100 families, trucking women and children to a resettlement area called Khayelitsha on the Cape flats.

Also in Cape Town, the Progressive Federal Party, the official white opposition party in the nation's three-chamber parliament, withdrew its traditional cooperation with the government in ordering parliamentary business. The action, one of the strongest sanctions available to opposition parties under South Africa's constitution, was the first of its kind in more than two decades.

The opposition party said it withdrew cooperation because of the government's refusal to permit a full debate on the Soweto killings.

"It makes a farce of parliament," said Colin Eglin, the opposition party leader, "if it is in session and

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INSIDE

The Associated Press

A Frontier Airlines employee removes supplies from the ticket counter at Stapleton International Airport in Denver. United Airlines has dropped its plans to buy Frontier, which grounded all planes on Sunday. Page 11.

GENERAL NEWS

■ Mexico told U.S. agents they could no longer investigate drug smuggling on Mexican territory. Page 3.

BUSINESS/FINANCE

■ The U.S. government's main gauge of future economic health rose 1.1 percent in July after two months of decline. Page 11.

TRAVEL

■ Shopping in Buenos Aires: European elegance, Latin flair. Page 7.

TOMORROW

National galleries: Sacred places in a secular world. In Weekend.

Hunger Is a Weapon in Sudan's Civil War

By Blaine Harden
Washington Post Service

NARUS, Sudan — Two million people in southern Sudan are at risk, according to the United Nations, of "imminent mass starvation."

But in this vast region there is just one famine-relief camp with a guaranteed supply of food. Narus, a collection of grass huts straddling a dried-up river, is it.

This camp, where about 20,000 nomads are given Red Cross food brought in from Kenya, is located in territory controlled by rebels of the Sudan People's Liberation Army.

The rebels, while choking off deliveries of relief food to government-held towns in southern Sudan, have allowed journalists to come here to visit famine victims who are alive courtesy of the guerrillas.

In a land where hunger is a calculated weapon of civil war, the tales of famine victims in this camp, as told through rebel-supplied translators, all have a clear villain: the Sudanese government.

Narot, a skeleton of a woman who was too weak to stand up, crawled out of her hut Tuesday to blame Sudanese soldiers for her misery.

Her hunger, the murder of her sons and her husband, the killing of her cattle, all were the fault of government soldiers. Red Cross officials said hundreds of famine victims like Narot had testified to government brutality.

But the version of Sudan's famine heard here makes no mention of the tens of thousands of people who international relief officials say are starving in government-held towns under rebel siege. No one speaks for the 60 civilians killed Aug. 16 when a rebel missile downed a Sudan Airways plane.

The famine in southern Sudan presents a far different, and in many ways more intractable, problem than the great African famine of 1984-85.

Food availability is not a problem now in northeastern Africa. Northern Sudan and Kenya have had record harvests. Ethiopia, where more than a million people have died of famine in the past two years, is expecting a bumper crop.

International relief specialists agree that there is plenty of nearby food, medicine and medical expertise to rush into southern Sudan.

The immediate problem is that with the exception of this one feeding center at Narus, the Sudan People's Liberation Army will not let in any food.

The rebel commander at Narus, Lieutenant Colonel Martin Manyiel, argued that any relief food would be taken from civilians and given to government soldiers.

Colonel Manyiel said the rebels banned all flights over southern Sudan on Aug. 15, including airlifts of relief food, after discovering that the government was using a Red Cross airlift to the town of Wau as a cover for resupplying its soldiers.

Vincent Nicod, a Red Cross official in Nairobi, called the rebel assertion "not true" and "ridiculous."

The rebel commander said that any responsibility for the downing of the Sudan Airways plane should rest with the Sudanese government.

"They ignored our warning," Colonel Manyiel said. "The only way and the best way international relief food can reach the people is through the SPLA-controlled areas. If the world wants to help these people, it is through us."

For a year and a half both the government and the insurgents have engaged in what a recent rebel document describes as the "politics of hunger."

"Hunger has been an effective war instrument, effectively employed by both warring parties," says the document, "Hunger in South Sudan."

"The Sudan Army has deliberately prevented rural populations from obtaining food from the garri-

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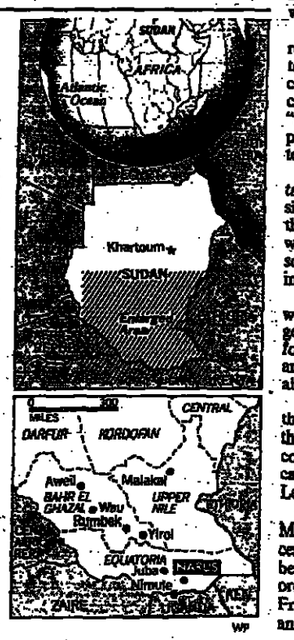

Thrifty, Industrious Amish Thrive in Midst of U.S. Farm Slump

By Keith Schneider
New York Times Service

STRASBURG, Pennsylvania — The mules fussed and the wagon's wheels rattled in the rosy dawn as Samuel Beiler headed up the hill to his fields.

It is the tobacco harvest season in Lancaster County, and the farmer, his wife, Mary, his five children and other Amish families cut the waist-high plants and hauled them in to 100-year-old barns to be hung from the rafters and air-cured.

The crop, worth $2,000 an acre, is one of the Beilers' main sources of income. On his 80-acre (32-hectare) farm, Mr. Beiler raises corn and alfalfa to feed 50 milk cows.

At a time when the small commercial family farm is considered a relic, Lancaster County's 1,200 Amish farm families are thriving.

With diverse crops on small farms, a conservative approach to farming and constant manual exertion, the Amish here have largely escaped the debt that has put 250,000 to 300,000 U.S. family farms out of business since 1981.

A 40-year-old Amish man from New Holland, who asked not to be identified, said: "This isn't the first time things have been tough, and it's not going to be the last. Our leaders know this. If you get too big, you make a bundle in good times. But you lose a bundle when times turn bad."

Lancaster County is one of the United States' most vibrant farm economies. Land prices are climbing. Farm implement and supply stores are busy. Banks are pursuing new customers. The value of the county's farm output is more than $700 million annually and rising.

The county, sloping and fertile, is crowded with white farmhouses. Silos spring from the valleys like silver-topped mushrooms. "There's no secret," said Mr. Beiler. "We've been blessed with fertile ground, and we work, maybe too hard."

Some agricultural pundits consider that the Amish example offers further proof that the "get-big-or-get-out" theory that has dominated U.S. farming for more than 30 years may no longer be valid.

The Amish protect themselves from cycles of boom and bust with diverse production systems. Most have herds of milk cows and grow feed corn, alfalfa, hay, wheat, tobacco, vegetables and fruits. Some raise poultry and cattle. Others breed horses and raise mules.

They have avoided government farm supports that require farmers to idle acreage to qualify for benefits. "We don't need

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Rent Boycotts Spread as Black South African Tactic

By Alan Cowell
New York Times Service

SHARPEVILLE, South Africa — Every night, Johannes Matemba said, he takes the foam mattress from his backyard, lays it on the floor of the house he has lived in for 33 years and goes to sleep.

That he is able to sleep in the house at all, he said, is something of a concession by the authorities, who evicted the 65-year-old retiree Aug. 13 for failure to pay the rent. They blocked off the toilet with concrete as if to display the finality of the move.

Some way off, in Tumahole township outside the town of Parys, Jal Molata makes different nocturnal arrangements.

Since his home was locked up by the authorities Aug. 8 with all his goods inside, also for nonpayment of rent, he has taken to sleeping in the cab of a broken pickup truck parked in his yard.

He finds it uncomfortable to sleep in the cab, wearing an overcoat and swathed in borrowed blankets. But the 58-year-old retired street cleaner said it was simpler than seeking an official permit to stay in someone else's home.

The two men have not met, but along with a growing army of others, they share the consequences of a protest that is spreading in South Africa: the refusal to pay rent for the homes in segregated townships where blacks are obliged to live.

By the latest count, according to the independent Community Research Group at Witswatersrand University in Johannesburg, rent boycotts — some partial, some nearly total — are under way in 42 of the nation's townships, including Soweto, the biggest, where 21 persons died this week in a clash between residents and the police.

In a report Aug. 13 the group, made up of white academics specializing in township conditions and protests, said that as many as 300,000 black households were not paying rents, making the boycott one of the widest forms of sustained protest to emerge.

Like other boycotts, such as those in classrooms or of white-owned stores, the rent boycott is a form of protest that may damage those who take part as much as it damages their targets.

Moreover, such boycotts may be harshly enforced by youthful activists, who tell township dwellers that they face a bleak choice: Pay rent and risk having your house burned down, or withhold rent and risk eviction.

Yet activists seem to suggest that the boycotts offer to the authorities a statement that blacks will not take part in the white vision of their future. By withholding the rent payments that provide most of the revenues to run segregated black areas, activists assert, many blacks are saying not simply that they cannot afford the rents but that they do not wish to finance their own subjugation.

The Community Research Group estimates that the authorities are losing the equivalent of $500,000 a day in rent because of the boycotts. In recent weeks the response has been to evict some of those withholding what to an American would seem a meager rent — perhaps $20 a month — but which represents a financial burden to many black South Africans.

Eviction is thus depicted by black activists as a kind of martyrdom.

Sharpeville, 40 miles (65 kilometers) south of Johannesburg, is possibly the township with the strongest claim to martyrdom.

By withholding rent payments, many blacks are saying that they do not wish to finance their own *subjugation*.

In 1960 the police shot and killed more than 60 blacks here after they had marched to protest the country's pass laws. And it was here, on Sept. 3, 1984, that a rent protest by black residents led to a confrontation with the authorities that marked the beginning of two years of unprecedented violence and protest.

But it is unclear whether Johannes Matemba really seeks the status of martyr.

In 1942, he said, he started work at a golf club frequented by whites, and by the time he retired in 1981, he had risen to head waiter.

His pension from the job, he said, totals the equivalent of about $110 a month. The rent, when he paid it, was roughly $25, and electricity cost a further $35. Before the eviction, the house was home to him and his nine children, some working, some not.

But then in September 1984 the white authorities handed over responsibility for some of the administration to black councils. The new councilors, branded stooges and collaborators by anti-apartheid activists, needed revenues to provide facilities and establish legitimacy.

But the conundrum they inherited from the white administrators was that the only way they could increase their revenues was to increase the rents, destroying the same credibility they were seeking to establish.

When a rent increase was announced in Sharpeville, people protested. In the confrontations here and in nearby townships such as Evaton and Sebokeng, 29 persons were reported to have been killed in two days of violence. From then on, no one paid rent.

"We did not want to be thrown out," said one of Mr. Matemba's sons, Maurice, 29, "but the comrades say they'll burn your house down with everything in it if you pay rent." *Comrade* is the title used by the young black militants who have led the nation's protest and violence.

Activists, moreover, like to let it be known that they have their informers at the rent office and may identify those who pay rents.

So, the father said, no rent was paid. Then, on Aug. 13, "they just came in, about two vans of them, and took the things out," he said.

The army, the son said, "patrolled the streets" while the eviction was taking place and the toilet was being cemented. The local black council police force, he said, threw his belongings into the yard.

Some people argue that the rent protests bear the seeds of a renewal of widespread violence, despite the newest emergency decree, which was imposed June 12.

A prominent activist said, "If they start evicting in Sebokeng — they will not dare, because we will resist, we are militant — but if they do, then we will call for a stayaway from work, and we will boycott the buses, too."

The buses, privately owned, are often targets of black protest because they are seen as the umbilical cord of segregation, providing transportation for those blacks who work in white-run cities.

The activist touched on another division of life in segregated black townships, where blacks are categorized by their readiness to accept official favor.

Driving through Sebokeng he pointed out an area, generally of more expensive homes, and said, "This is where the collaborators live." He was referring to those who work for white-run institutions such as the police, the medical services and the schools, and thus enjoy official favor.

"They are paying their rents," he said. "They have too much security."

Progress On Chemical Arms Cited In Geneva

By Thomas W. Netter
New York Times Service

GENEVA — The 40-nation Geneva Conference on Disarmament concluded its 1986 session Thursday after making what U.S. and NATO officials termed "noteworthy" progress on its key issue, a ban on the production, storage and use of chemical weapons.

In a sharp turnaround from the gloomy assessments that marked the end of last year's session of the multilateral conference, the officials said an American-sponsored draft treaty text had received "significant elaboration and restructuring" during the six-month session.

Nevertheless, Donald Lowitz, the chief U.S. delegate, cautioned that much remained to be done to reach a treaty on chemical weapons. The question has been before the conference since 1968, and has been under intense negotiation since the U.S. draft proposal was submitted by Vice President George Bush two years ago.

"Nothing has been finalized in the sense that it is ready to roll over into a final treaty," Mr. Lowitz said.

Mr. Lowitz said five articles of the treaty now "appear in a more complete form," including articles covering the elimination of production facilities, reducing stockpiles, activities not permitted by the convention, a consultative committee to monitor the accord and consultation, cooperation and fact-finding.

Remaining to be resolved are questions of verification, regarded by both the North Atlantic Treaty Organization and the Soviet bloc as the key to a final accord. The U.S. proposal for strict mandatory, on-site, challenge inspection has been strongly opposed by the Soviet Union, which argues it would allow unacceptable access to its military facilities and lead to "frivolous" demands for inspections.

"This is still one of the major issues remaining," Mr. Lowitz said.

Although Moscow has yet to respond formally to a British compromise proposal offered in July to provide an alternate means of verification, the head of the British delegation, Ian T. Cromartie, cited "remarkable progress" toward a convention.

"I think there would be general agreement that this year the pace of progress in the negotiations has been further accelerated, and that it is essential to go on increasing this momentum with a view to the early conclusion of a convention," he said.

Members of the conference are to continue "consultations" on the chemical weapons issue through the end of this year, with formal meetings expected to resume in January. The United States has said it hoped U.S. plans to resume production of chemical weapons next year for the first time in 17 years would act as a spur to Soviet negotiators.

Administration officials say the Russians, though more forthcoming than in previous years, have failed to produce a detailed draft response to U.S. and British proposals despite recent declarations by the Soviet leader, Mikhail S. Gorbachev, on the need to seek a swift ban on chemical weapons.

WORLD BRIEFS

Soviet, U.S. Discuss Regional Disputes

WASHINGTON (AP) — A Soviet deputy foreign minister, Anatoli Adamishin, said Thursday that meetings with a U.S. delegation on regional disputes had failed to achieve much progress.

As the two-day session drew to a close, Mr. Adamishin also said Moscow had not decided whether Mikhail S. Gorbachev, the Soviet leader, would come to the United States this year for a summit with President Ronald Reagan. "It has to have some results, concrete," he told reporters. "We are not interested in an empty summit." The U.S. delegation did not make a statement as the two groups concluded their discussion on southern Africa, the Middle East and other regions.

The talks were designed to pave the way for a Sept. 19-20 meeting in Washington between Secretary of State George P. Shultz and Eduard A. Shevardnadze, the Soviet foreign minister, on a summit agenda.

U.S. Navy Spy Sentenced to 365 Years

SAN FRANCISCO (AP) — Jerry A. Whitworth, 47, a former U.S. Navy communications specialist, was sentenced Thursday to 365 years in prison and fined $410,000 for his role in the Walker family spy ring.

Mr. Whitworth, of Davis, California, who was convicted on seven counts of espionage, must serve at least 60 years before he will be eligible for parole. The judge called him "one of the most spectacular spies of this century," who gave the Soviet Union "the very blueprint of our most coveted and guarded communications."

Mr. Whitworth was convicted July 24 of selling to the Walker family the secrets of Navy decoding equipment, code keys and communications systems he gathered and photographed for nearly a decade as a radio operator at ship and shore stations. He was also convicted of tax evasion on $332,000 he was paid by John Walker Jr.

AP

Jerry A. Whitworth

India's Nuclear Project Questioned

WASHINGTON (UPI) — India has secretly obtained nuclear materials to run three reactors without international supervision and could gain access to enough plutonium to build about 15 atomic bombs a year, a U.S. nuclear expert said Thursday.

Gary Milhollin, a law professor at the University of Wisconsin and a consultant to the Nuclear Regulatory Commission, told a news conference that India was either importing "heavy water" for the reactors secretly — probably from China — or illegally diverting the substance from other nuclear plants subject to international inspection. Heavy water is a key ingredient in nuclear power plant operations and allows a chain reaction to occur in natural uranium fuel.

Dr. S. Jaishankar, first secretary at the Indian Embassy, denied Mr. Milhollin's charges.

U.S. Meatpackers to End Year's Strike

DES MOINES, Iowa (UPI) — Geo. A. Hormel & Co. and union meatpackers have agreed to a tentative contract that union leaders said Thursday would lead to the rehiring of most workers dismissed from the company's flagship plant during a yearlong dispute.

The agreement was reached Wednesday. On Thursday, an arbitrator ordered the company to rehire 500 union meatpackers dismissed in January for refusing to cross picket lines at its plant in Ottumwa, Iowa, in support of striking colleagues in Minnesota.

The United Food and Commercial Workers union and Hormel agreed on a tentative master contract covering workers at eight other Hormel plants including the flagship plant at Austin, Minnesota. About 1,500 members of the local branch of the union in Austin struck to restore wage cuts, improve working conditions and retain seniority.

U.S. Stops Aid for Population Fund

WASHINGTON (NYT) — The United States has withdrawn its contribution to the United Nations Fund for Population Activities because of its involvement in China's population program, officials said.

The UN group will lose $25 million because of the decision, which was disclosed Wednesday. An aid official said the money was being withheld "because we think there is not an adequate change in the family planning program in China, and we conclude that the UNFPA is too involved in that program."

The American action comes after months of lobbying by anti-abortion activists, who asserted that the Chinese government's population program involved the widespread use of compulsory abortions.

For the Record

Willy Brandt, 72, the former West German chancellor, was re-elected Thursday in Nüremberg as party chairman of the opposition Social Democratic Party. He won the post, which he has held for 22 years, by a vote of 398 to 28, with 4 abstentions. *(AP)*

The explosion and fire at an army ammunition depot in Kabul this week killed about 40 soldiers and civilians, Western diplomatic sources said Thursday. Moslem guerrillas said they believed their forces were responsible. Dozens of people were injured, the sources said. *(AP)*

A U.S. grand jury indicted Nancy Reagan's maid, Anita S. Castelo, and three men in Norfolk, Virginia, Wednesday in an alleged scheme to smuggle small-arms ammunition to Paraguay. *(WP)*

The former head of the New York City Health and Hospitals Corp., John J. McLaughlin, was convicted Wednesday of grand larceny and forgery, charges brought as part of a city corruption scandal. He was found not guilty of accepting bribes and stealing $250,000 from an heiress. *(NYT)*

SOWETO: *Death Toll Rises to 21*

(Continued from Page 1)

unable to debate issues like the deaths in Soweto."

Helen Suzman, a veteran anti-apartheid campaigner from the same party, flew back to Johannesburg Thursday night to seek evidence among Soweto residents of how many had, in fact, been killed.

The killings have become the focus of a major propaganda war between the authorities and their foes, centering on conflicting versions of how the violence started.

The authorities, seeking to assert that the latest emergency decree has curbed black protest, are evidently anxious to blame black radicals for starting the bloodshed.

Black protesters seem to wish to portray the killings as a further example of official brutality.

Louis Nel, the deputy minister responsible for information and head of the government's main propaganda arm, the Bureau for Information, said at a news conference in Pretoria that the killings started when activists threw a grenade at a police patrol, injuring four officers.

The 12 police officers who ran into what Mr. Nel called an ambush "had to react," the South African official said. "Whether they reacted correctly will be decided by the magistrate at the inquest," he said.

By contrast, Frank Chikane, a spokesman for the United Democratic Front, which claims two million supporters, depicted the shootings as a further example of unwarranted police harshness.

Wendy Schwegmann/Reuters

University students in Johannesburg demonstrated Thursday over the killings in Soweto.

BOLIVIA: *Curfew Imposed*

(Continued from Page 1)

state mining company, there have been illegal strikes, the paralysis of the cities of Oruro and Potosi, destruction of railway links, the occupation of working centers with the possibility the conflict will be aggravated by the mobilization of miners to La Paz."

During the past year, the centrist government of Mr. Paz Estenssoro has laid off thousands of workers, reorganized state companies, frozen the wages of public employees and raised gasoline prices tenfold in an effort to control inflation that reached 20,000 percent.

The crackdown was the second time Mr. Paz Estenssoro, 78, has used force to stop labor unrest since he came to office nearly 13 months ago. He declared a 90-day state of siege last Sept. 19, and sent about 300 labor leaders into temporary exile in two northern jungle towns to end a national strike.

Aid Starts to Flow to Cameroon Disaster Victims

By Thomas L. Friedman
New York Times Service

YAOUNDE, Cameroon — International relief has begun flowing into the mountainous region of this small West African nation where more than 1,500 people are believed to have died in a cloud of poisonous volcanic gas last week.

A senior Western diplomat in the Cameroon capital of Yaoundé said Wednesday that once all the promised aid reached the four afflicted villages it should be sufficient to meet the immediate needs of the 1,000 to 2,000 people made homeless.

The few hundred injured when the gas descended on their villages, crops, livestock and water supplies last Thursday already appear to be well taken care of in Cameroon hospitals.

President Paul Biya has announced the formation of a national disaster committee to match up the various international offers of material and scientific aid with the needs of the survivors.

"Our first priority is to set our priorities," said Jean Marcel Mengueme, the minister of territorial administration, who will head the committee. "We must know exactly what we want and what we need."

Officials have said they are anxious about a possible epidemic resulting from rotting animal carcasses.

Members of a U.S. team of pathologists and volcano experts have arrived, meanwhile, and planned to go to Lake Nios, the crater lake in northwest Cameroon through which the poisonous gas, apparently a combination of carbon dioxide and hydrogen sulfide, erupted.

They will try to find out what triggered the explosion and how exactly the gas asphyxiated its victims in the surrounding villages. The pathologists may be hampered because most of the people killed — unlike the cattle and other animals — have already been buried.

The U.S. Embassy has donated $25,000 for the purchase of canned foods and other relief supplies as well as some 300 tents to house those who were driven from their homes by the gas and who are afraid, or unable, to return.

The refugees are primarily in need of shelter, tinned food and bottled water. Many of their crops may now be inedible, and their main water supply, which flows down in a waterfall from Lake Nios, has been poisoned.

The European Community has sent blankets, medicine and food.

A team of French volcano experts has headed for the disaster zone, where they will try to determine the origins of the eruption and to determine the danger of future eruptions.

Britain, West Germany and Canada have sent money to buy food and other supplies.

The 17 members of an Israeli medical team that arrived with Prime Minister Shimon Peres on Monday are at Nkamba Hospital, 100 miles (160 kilometers) northeast of Lake Nios, where they will help treat the injured and study long-term effects of the poisoning.

After a similar, but much smaller, gas eruption took place at Lake Monoun, about 60 miles southeast of Lake Nios, on Aug. 15, 1984, a team of U.S. scientists studied what happened and made a few recommendations.

According to a Cameroon official who has read the still-confidential report, the study suggested that seismic equipment be installed in the volcanic zone to better monitor what is taking place on a day-to-day basis, something that was apparently done only on a small scale.

The report also urged that people not live in some of the most dangerous parts of the zone, which stretches in an arc from Mount Cameroon, an active volcano in the southwest, all the way through to the northeast border with Nigeria and Chad.

The problem now, Mr. Mengueme said, is that the peasant farmers who live off these fertile lands do not want to move.

AMISH: *Thrifty, Industrious Farmers Are Thriving*

(Continued from Page 1)

handouts," said Mr. Beiler. "We need to work every foot of land that we own."

Lancaster County's growing Amish community numbers 6,500 people, and owns less than a quarter of the county's 5,000 farms. But their system has been used as a model for the region's Mennonite and "English" farmers.

Amish farmers generally till 70 to 80 acres, enough for one family to handle.

Amish farmers say the cost of using mules and horses to haul implements is one-third that of a tractor. Their mechanical harvesting equipment is pulled through fields by teams, but is powered by independent gasoline or diesel engines.

Their farms produce as much corn per acre as bigger farms in Iowa, or as much milk per cow as Wisconsin's dairy farms, but at far lower costs. Pennsylvania State University estimates the cost of planting an acre of corn at $115. Mr. Beiler and Amish farmers say they put the crop in the ground and harvest it for under $35 an acre.

One of the savings is in the cost of labor. Even as toddlers, Amish children are an important addition to the farm system. Children are educated in one-room schoolhouses to eighth grade, and then become full-time helpers.

In a tomato field east of Lancaster, ringed by feed corn, one farmer, Sam Stoltzfus, explained how Amish families help one another at planting and harvesting, and teach their children that they are central in the community. "We have to eat," he said. "We have to feed the children. And they have to work for it, just like we did."

Only a handful of Amish have been forced out of business since 1981, according to the Amish and county bankers. Their typical net income of $25,000 to $40,000, supplemented by the sale of quilts and handcrafts, makes them among the more profitable U.S. family farms.

Paul Whipple, a farm consultant with many Amish clients, said: "The Amish farmer puts all the modern models to shame. They don't have their money tied up in machines. They aren't looking to buy out their neighbors. They put their money into the best land and they take care of it better."

Other experts call the Amish system impracticable. As Jay W. Irwin, the Lancaster County farm agent, put it, "People just don't want to work that hard anymore."

19 Turkish Workers Killed by Toxic Fumes

The Associated Press

TOKAT, Turkey — Toxic fumes spewing from a fire killed 19 water pipeline workers in northern Turkey, the Anatolian News Agency reported Thursday.

The agency said the fire broke out Tuesday during welding work on a four-mile (six-kilometer) tunnel in Niksar township. Although the main blaze was extinguished, scrap wood and sawdust continued to smolder, filling sections of the tunnel with carbon monoxide.

Nicaragua Rebels Kill Commander Of Sandinist Unit

United Press International

MANAGUA — U.S.-backed guerrillas killed the commander of a Nicaraguan counterinsurgency unit and five of his troops, the Defense Ministry announced Thursday.

Captain Benito Arauz was killed early Wednesday in northern Jinotega province in combat with the rebels, known as "contras," a Defense Ministry statement said Thursday.

He commanded one of the special battalions considered the backbone of the government's fight against the U.S.-backed contras.

In a separate clash, rebels reported recent combat with government troops in eastern Zelaya province and said they killed 10 soldiers. There was no report of rebel casualties in the rebel radio broadcast from Honduras.

In other developments, the country's only opposition newspaper announced it would lay off all 230 of its employees more.

The announcement came two months after the daily was closed by the government. Staffers at La Prensa have been reporting to work and receiving pay even though it has not circulated since June 26.

Meanwhile, El Salvador, echoing a decision by Honduras, announced it will not allow U.S. Green Berets to use its territory to train Nicaraguan rebels.

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Mexico Bars U.S. Drug Agents From Investigating Smuggling

By Edward Cody
New York Times Service

MEXICO CITY — The Mexican government has accused U.S. narcotics agents of carrying out unauthorized activity in Mexico and has declared that they may no longer investigate drug smuggling on Mexican territory.

The Mexican stand, spelled out in a Foreign Ministry note Wednesday to the Reagan administration, represented the official reaction of President Miguel de la Madrid's government to U.S. complaints that Mexican police arrested and tortured an agent of the Drug Enforcement Administration in Guadalajara on Aug. 13.

The note said the Mexican government was concerned that the activities of the U.S. drug agents "are leading to tensions between the two governments, also creating situations that damage Mexico's image in the United States and other countries."

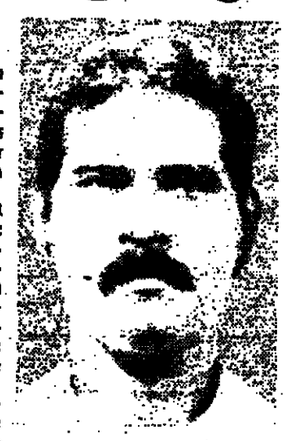
In tone and content, the note appeared distant from the spirit of U.S.-Mexican cooperation against drugs underlined during a visit by Mr. de la Madrid to Washington that was taking place at the same time.

If applied as laid down in the note, the Mexican policy would depart from past practice and impose significant restrictions on the activities of U.S. agents in Mexico, sources said.

In Washington, a Justice Department spokesman, Patrick Korten, said there would be no comment on the Mexican action "until we have time to study it."

"We don't want to pass judgment yet," he said.

The office of the Mexican attorney general announced Wednesday that 11 Jalisco state police officers had been charged with abuse of authority and inflicting "lesions"



Victor Cortez Jr.

AP

on the U.S. agent, Victor Cortez Jr.

U.S. drug agents have been stationed here for more than 15 years under a series of agreements, technically to gather intelligence and exchange information with Mexican colleagues.

However, U.S. officials have acknowledged that they routinely investigate narcotics smuggling in Mexico as part of their intelligence-gathering mission.

The Foreign Ministry statement came in response to a U.S. complaint lodged May 18 charging that Mr. Cortez was tortured during interrogation and demanding a swift resolution of the case. The note was given to the U.S. chargé d'affaires, Morris Busby.

The Foreign Ministry obliquely contradicted the U.S. charges of torture and played down the seriousness of Mr. Cortez's injuries. It cited a Mexican Red Cross doctor's report that Mr. Cortez suffered "simple contusions" in the abdomen and right shoulder, adding that these injuries "do not endanger life and heal in fewer than 15 days."

Mr. Busby, in a statement released Wednesday, offered U.S. cooperation in quickly solving the case and reiterated the U.S. charges that Mr. Cortez, 34, was "brutally tortured." U.S. officials have said Jalisco state police applied electric shocks to Mr. Cortez's body.

The Mexican Foreign Ministry note centered on what Mr. Cortez was doing, which it said was unauthorized, and what the ministry described as widespread violation of U.S.-Mexican agreements by U.S. agents working in Mexico.

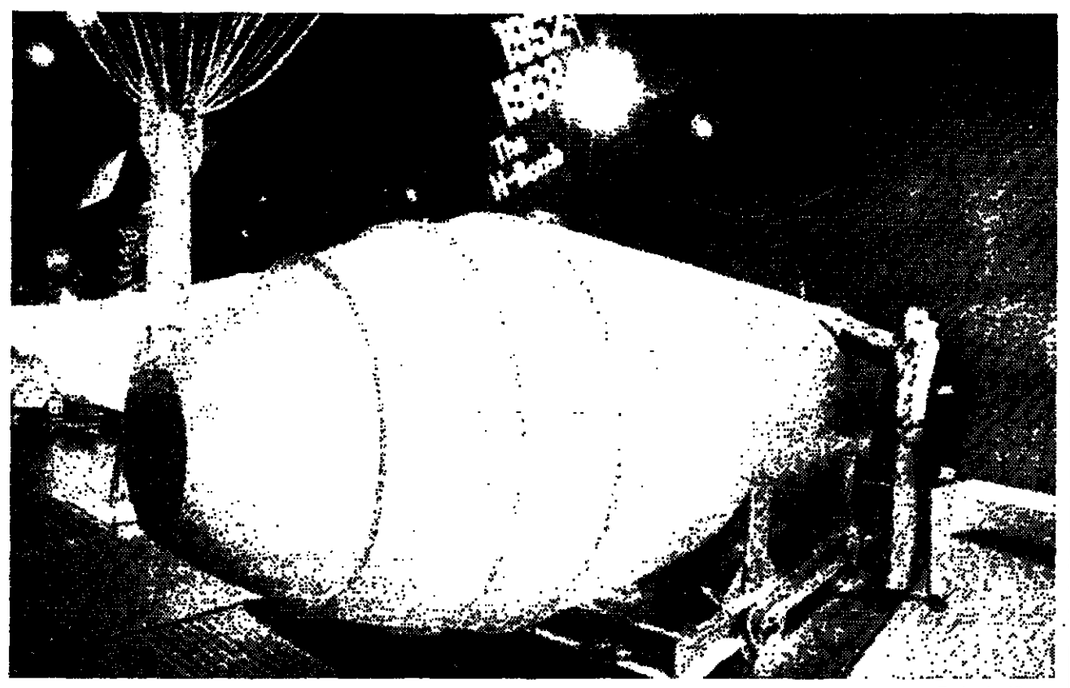
The U.S. agent, the ministry said, was in the company of a known criminal, was driving a falsely licensed car, carried illegal arms and had no identification.

"These facts justified that Mr. Cortez was presented to the legal authorities to establish his identity and clear up his conduct," the ministry added.

U.S. officials have said Mr. Cortez was meeting an informant, Antonio Garate, and that the car and arms in question belonged to Mr. Garate. As a security precaution, DEA agents frequently work in Mexico without carrying their identification.

The Foreign Ministry said, "Certainly the U.S. government is worried, as the Mexican government is worried, that officials of the Drug Enforcement Administration, accredited in Mexico for exchange of information, carry out functions beyond those that have been authorized for them."

It added, "We are also worried that their activities are leading to tensions between the two governments, also creating situations that damage Mexico's image in the United States and other countries."



The Associated Press

Details of H-Bomb Accident Revealed

A hydrogen bomb similar to this replica fell from an air force bomber near Albuquerque, New Mexico, in 1957, the U.S. Department of Energy has confirmed. It detonated on impact because of conventional explosives inside, but, obviously, there was no nuclear explosion. The government reported the accident in 1981 but did not give the size of the weapon, a Mark-17, which was hundreds of times more powerful than the Hiroshima bomb. This model is at Kirtland Air Force Base, near Albuquerque.

U.S. Lobby Seeks Repeal Of Ban on Machine Gun

By Howard Kurtz
Washington Post Service

WASHINGTON — The National Rifle Association, having won a major victory in weakening federal gun-control laws, is taking aim at a congressional ban on the sale of new machine guns.

A provision to ban the private purchase or sale of newly manufactured machine guns, those not already registered with the federal government, was added to the McClure-Volkmer gun decontrol law in the final minute of House debate last spring.

The ban has the effect of limiting the number of machine guns in legal circulation to about 127,000.

The three-million-member association says it has lined up House and Senate sponsors for repeal legislation and that the measure will be its "highest priority."

The group would not identify the sponsors.

James J. Baker, the National Rifle Association's governmental affairs director, said, "It's our position that legally registered machine guns are not a crime problem."

He said most machine-gun owners were affluent, politically active and "probably the most well-investigated gun owners in the country."

He said there were no hearings on the amendment and that many lawmakers mistakenly believed "that somehow this was going to have an impact on the misuse of machine guns."

Opponents scoffed at the NRA's plan.

Barbara Lautman of Handgun Control Inc., said, "I think they're crazy.

"I don't think anyone is going to stand up on the floor of the House or Senate and vote to legalize machine guns," she said.

"We don't see why anyone needs to own a fully automatic weapon," she added.

Dan Rosenblatt, spokesman for the International Association of Chiefs of Police, said, "The law enforcement community is going to resist repeal of this provision with all the force it can muster."

The ban was sponsored by Representative Lawrence J. Smith, a Florida Democrat.

It does not apply to weapons made for law-enforcement agencies or the military, but effectively ends machine-gun production for private ownership.

Under a 1934 law, those who want to buy machine guns, primarily collectors and target-practice enthusiasts, must be photographed and fingerprinted, undergo a federal background check, obtain permission from local police and pay a $200 transfer tax.

The law signed by President Ronald Reagan in May restricts such transactions to machine guns already registered with the Bureau of Alcohol, Tobacco and Firearms.

Lutherans in U.S. Set Quotas to Draw Minorities

By Joseph Berger
New York Times Service

MILWAUKEE — The founders of a proposed Lutheran denomination of 5.3 million members have agreed to use quotas for women and members of minorities in choosing the church's national leadership.

A constitutional provision imposing quotas was approved Tuesday and Wednesday by the three Lutheran denominations that plan to approve a merger this week.

The provision requires that 10 percent of the members of national assemblies, councils, committees and boards in the new church be "persons of color and/or persons whose primary language is other than English." Fifty percent would have to be women.

The Lutheran shift to quotas in assigning leadership positions is not the first among Protestant denominations. The United Church of Christ has used quotas for such positions for a number of years, according to J. Martin Bailey, a former editor of the denominational magazine A.D.

The new church, whose constitution is to be formally adopted Friday and which is to begin operating Jan. 1, 1988, is to be called the Evangelical Lutheran Church in America. It would be the nation's fourth-largest Protestant church.

It will be made up of three existing Lutheran denominations: the Lutheran Church in America, with 2.9 million members; the American Lutheran Church, with 2.3 million members; and the Association of Evangelical Lutheran Churches, with 110,000 members.

The only major Lutheran denomination that has refused to join the new church is the Missouri Synod of the Lutheran Church, with 2.7 million members. It practices a more conservative version of Lutheranism.

The Reagan administration has opposed the use of quotas in hiring and contracts. Some advocates of the Lutheran quotas said that churches needed to show leadership in broadening the roles of women and members of minority groups in American life.

"We can talk about good intentions, but we have to show women and minorities that we love them enough to make it possible," said a woman delegate who spoke at the Milwaukee convention of the Lutheran Church in America, the largest of the three merging bodies.

Proponents of the quotas argued that they would serve as an open invitation to blacks, Hispanics, Asians and other members of minority groups to join the new church. They now compose less than 2 percent of the three merging denominations, whose members are largely of German, Scandinavian and other northern European ancestry.

Opponents of the quotas view them as an overly generous effort to compensate for failures in the past to attract members of minorities. Bishop Michael C.D. McDaniel of North Carolina argued that the quotas were "demeaning" to the people whom they sought to benefit and that they would create a leadership based "on bureaucratic contrivance, not merit."

The quota provision affects the major operating and legislating bodies of the church, including the national conventions, which decide church policy, and the agencies that control ministry, overseas missionary work, pensions, publications and public relations.

U.S. Catholic Bishops to Hire Adviser Who Favored Ordination of Women

New York Times Service

NEW YORK — The National Conference of Catholic Bishops says it will hire a Jesuit theologian as a doctrinal adviser despite the recent disclosure that he signed a letter nine years ago favoring ordination of Roman Catholic women, a position at odds with church policy.

Monsignor Daniel F. Hoye, general secretary of the conference, said Wednesday that the appointment of the theologian, the Reverend Michael J. Buckley, "should go forward" because a three-member panel of bishops had "affirmed Father Buckley's competence and his loyalty to the church."

The panel, which studied the 1977 letter on women's ordination, concluded, "We do not see that participation in the issuance of this statement constitutes public dissent from church teaching."

The action was regarded as a victory for liberal forces in the Roman Catholic Church in the United States. In recent weeks, liberals in the church were dealt setbacks with the censure of the Reverend Charles E. Curran and with the threat of action against two nuns who publicly back the right of women to have abortions.

Father Curran, a theologian at the Catholic University of America in Washington, has called for flexibility in the church's ban on abortion and homosexuality. Both he and the nuns have been outspoken in their positions despite threats from the Vatican.

Father Buckley, however, a 54-year-old professor at the Jesuit School of Theology in Berkeley, California, has been publicly silent since the disclosure that he joined 22 others in signing the 1977 letter. His involvement in the letter was disclosed by the conservative National Catholic Register soon after his appointment May 30 to head the bishops committee on doctrine.

U.S. Senate Seeks Extra Levy From Air Passengers

Washington Post Service

WASHINGTON — A new $5 user fee on airline passengers entering the United States, including returning Americans, appears headed for approval by Congress.

The new user fee, if enacted, would provide $180 million a year for the Immigration and Naturalization Service to help pay for immigration inspectors at airports where incoming passengers have been forced to wait up to four hours.

The proposed fee would bring to $13 the federal tax on international airline tickets. Congress added a $5 fee for the Customs Service in March to an existing $3 departure tax.

The fee would be included in the ticket price for intercontinental airline passengers entering the United States. Travelers from Canada, Mexico and the Caribbean would not be affected.

The proposed fee was approved Aug. 14 by the Senate Appropriations Committee as part of an appropriations bill for the 1987 fiscal year, which starts Oct. 1, and is likely to be approved by the full Senate. The fee is not included in the appropriations passed by the House.

DESTINATION USA

OVERSEAS VISITORS TO THE UNITED STATES

Foreign visitors are coming to the United States in droves again this year, attracted by a falling dollar, lower gasoline prices and mammoth celebrations on the continent such as Expo '86 and Liberty Weekend.

Their presence—like their francs, pesos, pounds and yen—is nothing to sneeze at. Consider that, in 1985, the U.S. Travel and Tourism Administration estimated that approximately 21 million foreign tourists visited the United States and spent $11.7 billion while in this country. They paid an additional $2.5 billion to U.S. carriers for international transportation to and from their destinations.

This chart, based on preliminary data from the USTTA, shows the countries from which the greatest numbers of visitors have come to the United States since 1984. Figures for 1986 are current through May.

—James Schwartz

COUNTRY ARRIVALS	1984	1985	1986
Canada	10,982,000	10,880,000	4,003,780
Mexico	2,300,000	2,542,000	278,573
United Kingdom	928,000	861,000	376,897
West Germany	545,000	509,000	225,016
Japan	1,415,000	1,496,000	608,816
France	331,000	336,000	135,036
Australia	231,000	240,000	90,750
Italy	218,000	220,000	83,929
Bahamas	215,000	232,000	82,794
Venezuela	170,000	*	*
Brazil	*	192,000	75,246

*More Venezuelans than Brazilians visited the United States in 1984. In 1985 and 1986 more Brazilians visited the United States.

AVERAGE EXPENDITURES OF OVERSEAS VISITORS TO THE UNITED STATES

ORIGIN	1982	1983	1984	1985
Europe	$ 655	$ 714	$ 748	$ 779
Caribbean and Central America	579	562	606	624
South America	993	1,034	1,140	1,178
Other Overseas	858	914	951	986
Total Overseas	761	799	844	877

SOURCE: Bureau of Economic Analysis, U.S. Dept. of Commerce

The Washington Post

U.S. to Consult Allies on New Trade Curbs on Libya

By Bernard Gwertzman
New York Times Service

WASHINGTON — A special U.S. envoy is expected to raise two new ideas with West European allies on tightening trade sanctions against Libya, according to Reagan administration officials.

The officials said Wednesday that one of the ideas being considered by Washington was to ban the import into the United States of all refined-oil products, such as gasoline, made with oil from Libya.

The other, they said, would be to ban activities of American affiliates overseas that have only token business in Europe and do most of their business with Libya.

A trade embargo announced by President Ronald Reagan in January exempted overseas affiliates in an effort to avoid a rift with West European governments, which traditionally have opposed efforts to have subsidiaries obey U.S. trade embargoes.

In discussing the mission next week of the special envoy, Vernon A. Walters, the officials said that the sanctions adopted earlier by the United States failed this month to prevent Libya from acquiring two wide-body Airbus jets equipped with American technology and engines.

The Airbus A-310, manufactured by the French-led European consortium Airbus Industrie, can be converted into a carrier for 300 troops, American officials said.

They said that Libya, using what an official called "an elaborate sting operation," was able to defy U.S. and British sanctions and purchase the two jets from a British airline through intermediaries.

The officials expressed frustration that the United States and its European allies, which apparently became aware of the Libyan connection before the transfer was made, were unable to block it.

They said that the British airline, British Caledonian, told the authorities in London that it believed it was selling the planes to a Hong Kong company, which in turn was going to lease them to a French company.

Instead, they said, the Hong Kong company, Service Airlines Ltd., sold the planes to Cobra Airways, a British-registered company headed by a West German, which turned the planes over to Libya.

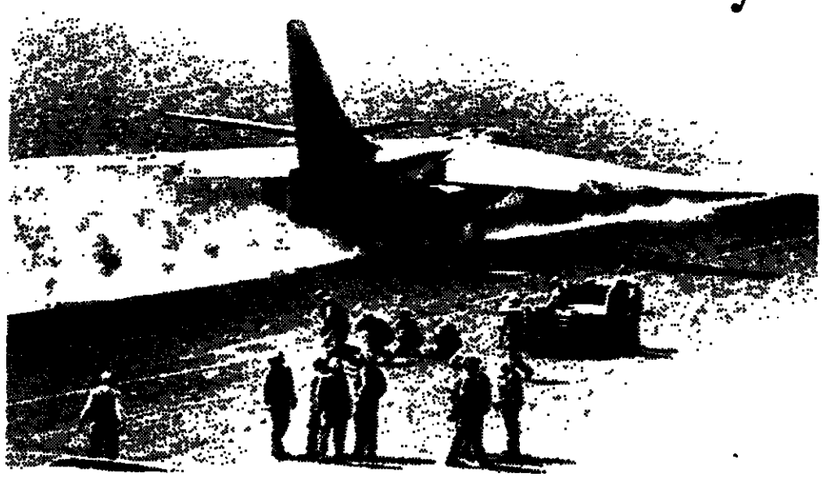
U.S. officials said that British Caledonian received about $100 million for the two aircraft.

The planes were in the Middle East when intelligence services discovered that they were going to be sent to Libya. That prompted a last-minute diplomatic effort by the United States, Britain, West Germany and France to persuade Jordan and the United Arab Emirates, where the planes were at that time, not to allow them to be flown to Libya.

But the efforts failed because of legal "technicalities," a State Department official said. One Airbus flew from Amman, Jordan, on Aug. 8, and the other from Dubai on Aug. 15.

Because the two planes now in Libya have General Electric engines as well as American electronic equipment, they could not legally be sold to Libya under the U.S. trade embargo. Under U.S. export regulations, any foreign-made aircraft with American technological components cannot be transferred to a third party without U.S. permission.

The British also prohibit the sale of equipment that could be used for military purposes. France and West Germany, which have also recently taken steps to limit contacts with Libya, were concerned by the illegality of the operation, which violated the alliance's procedures for transfer of technology.



Reuters

A U.S. warplane taking off from the aircraft carrier Forrestal during the joint maneuvers.

"We are in close touch with other governments," a State Department spokesman said of the Libyan deception. "The administration is determined to take strict enforcement action for any violation of U.S. export control."

He declined to say whether any action might be taken against British Caledonian, a privately owned airline that flies to the United States, Libya and other points around the world.

West European diplomats said the United States had not briefed them in detail about what Mr. Walters planned to discuss during his trip, which is to begin this weekend. Mr. Walters is the chief U.S. delegate to the United Nations.

Administration officials said the Walters mission was intended to remind the Europeans that the United States remained concerned about Libya's support for terrorist activity and did not want to see a slackening in efforts to isolate the government of Colonel Moammar Gadhafi.

Because of the U.S. trade embargo against Libya, there is not much more the United States itself can do to put further economic pressure on Tripoli, State Department officials said.

Failures Still Plague U.S. Space Effort

Guidance System Failed on Aries; Other Launch Delayed

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — U.S. efforts to reinvigorate the space program received a minor setback this week with the failure of another rocket and the announcement of a continuing delay in the launching of a new weather satellite.

The latest rocket failure occurred Saturday at White Sands Missile Range, New Mexico, officials said. It was the fifth such failure this year, and the second involving rockets with scientific payloads.

This time, a small Aries rocket, carrying a payload valued at less than $70,000, malfunctioned and was deliberately destroyed after launching.

The failure has been traced to a defect in the guidance system, caused by improper installation of some computer equipment, according to Joyce Milner, a spokeswoman for the National Aeronautics and Space Administration at Wallops Island, Virginia.

She said that only three Aries have failed since the rocket was first used in 1973. About 20 other scientific rockets have been successfully launched this year.

"It was an honest error," said Warren Gurkin, head of the NASA's sounding rockets project branch, which launches 40 to 50 suborbital rockets each year to carry research payloads for universities or the military. "This rocket has been a good rocket, and we continue to have a lot of faith in it."

It was the fifth known rocket failure in a calamitous year for the U.S. space program, but officials said there was no relation to the problems that caused the explosion of the space shuttle Challenger, then of a Titan and the loss of a Delta rocket, or any other setbacks.

The rocket involved in the latest mishap was a spare provided to NASA free by the Defense Department, which initially intended to use it in the Minuteman program. The guidance mechanism was designed and installed according to NASA specifications.

The mission was to measure the X-ray emissions of a distant galaxy during a six-minute flight outside the Earth's atmosphere, according to Robert Novick, a physicist of Columbia University, who helped develop the experiment.

The other setback this week involved the NOAA-G weather satellite, developed for the National Oceanic and Atmospheric Administration. It was initially supposed to be launched last fall. But various technical malfunctions in its Atlas-E booster rocket, including leaking fuel ducts, have forced 15 shifts of the launching date.

The latest delay was announced Wednesday, and no new date has been set. The satellite is designed to monitor weather conditions on Earth, including hurricanes.

Swedes Call Soviet Reactor Unsafe

Reuters

STOCKHOLM — A nuclear reactor in Soviet Lithuania is even more unsafe than the Chernobyl plant where a reactor exploded April 26, a report by Swedish experts said Thursday.

The study by atomic energy experts at the Swedish State Power Board indicated that safety margins at the giant facility at Ignalina in the southernmost of the three Baltic republics were even smaller than those at Chernobyl.

It said the reactor, built at a capacity of 1,000 megawatts, was being run at 1,500 megawatts after modifications. The alterations, it added, would make it more difficult to ensure continuous cooling of the reactor core.

Hans Bartsch, an expert for the Swedish Power Board, said Thursday in an interview that if the temperature in the core were allowed to rise out of control, the seals around fuel elements could melt, causing large radioactive leaks.

"It is worrysome to note that the Ignalina reactor is balancing between instability and static burnout, risking damage to the fuel, and emissions of large quantities of fissionable products," the report said.

Mr. Bartsch said "burnout" referred to the process whereby nuclear reaction in Ignalina-type plants would be speeded up if the cooling water vaporized into steam.

The Lithuanian plant, which went into operation in 1983 with one reactor, is of the same design as the Chernobyl plant. By 1990, an additional three reactors are to go into operation at the plant.

Officials at the Swedish Defense Research Institute, which first alerted the world to the Chernobyl disaster, said they had on six occasions monitored small radioactive leaks from Ignalina.

■ Treatment Questioned

The Washington Post reported from Vienna:

Soviet medical authorities have questioned the value of the highly publicized bone marrow transplants done on Chernobyl radiation victims with the assistance of an American physician, Robert Gale.

Dr. Gale's participation in 19 transplants in Moscow in May was given wide media coverage in the West, and he was publicly thanked by the Soviet leader, Mikhail S. Gorbachev.

Leonid Ilyin, vice president of the Academy of Medical Sciences, said at a press conference that transplants for radiation victims were useful only in patients with a very narrow range of radiation doses. Other experts here expressed the same view.

Dr. Gale said Thursday in Vienna that he disagreed with the Soviet conclusions, The Associated Press reported.

"In general, bone marrow transplants will work in 25 percent of bone marrow failure cases," Dr. Gale said.

Kohl to Visit Chirac in Paris

Reuters

PARIS — Chancellor Helmut Kohl of West Germany will visit Prime Minister Jacques Chirac in Paris on Sept. 9, a spokesman said Thursday.

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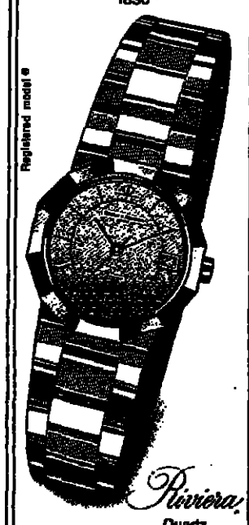

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OPINION

Another Bash at Gadhafi?

For some months after the April 15 attack on Libya, U.S. officials cautiously savored the possibility that a sobered Moammar Gadhafi had retreated to the desert to contemplate the features of a world in which he could no longer take for granted widespread indulgence of his acts of terrorism. In Washington, however, a new analysis has become known, courtesy first of the Wall Street Journal. Officials say they have detected renewed signs of interest in terrorism by the Libyan leader. There is also some suggestion that the United States is trying to psych out the Libyan strongman by fomenting anxiety about what it is planning.

Whatever its purpose, the policy is clearly to publicize American intentions to retaliate against, and perhaps even pre-empt, further Gadhafi-inspired terrorist acts. Fresh efforts have been undertaken to get the allies to strengthen sanctions against a Gadhafi who is pictured as "mentally unstable" but still capable, perhaps because of the alleged instability, of fresh offenses.

One reaction to the new analysis will surely be a judgment that it proves that the April 15 raid was a mistake, since the attack bought quiet for a period of time only long enough for Colonel Gadhafi to regroup, and since his revival is bound to appear as a major coup. A second reaction may be that the United States has no choice but to give it to the Libyans really good the next time: to mount an attack that would put his later revival or even his survival out of question.

Neither of these conclusions makes much sense to us. Anyone who thought at the time that the April raid had ended Libyan terror was foolish. It was enough that the United States had good and necessary grounds to hold up its end in the struggle against international anarchy. Terrorism is no ephemeral thing. Particular individuals have a responsibility for driving the phenomenon forward, but deeper conditions sustain it. It follows that terrorism must be fought not by a single concentrated blow but by persistent intelligent defense conducted on many fronts on a continuing basis.

The United States has the raw power to strike out against Colonel Gadhafi in an overwhelming way at any time. Many Americans and many people elsewhere, however, would object to the scale — the disproportionate quality — of such a response. It would amount to an act of unilateralism, since even close friends in Europe would likely stint on their support.

Since April the allies have come far in firming up their stand against Colonel Gadhafi. This is a qualitative change of increasing importance. We do not know what intelligence may have discovered about Colonel Gadhafi's post-April offenses or his new plans. These would surely have to rise to an unprecedentedly monstrous level to justify breaking up the common alliance policy that the United States has been trying carefully to build since April.

— THE WASHINGTON POST.

The Child's Interest First

Elizabeth Stern, a 40-year-old pediatrician, cannot bear a child. Mary Beth Whitehead, a 30-year-old housewife, can. With the Infertility Center of New York acting as agent, the Sterns leased Mrs. Whitehead's reproductive potential for $10,000; she was to be artificially inseminated with Mr. Stern's sperm, bear the baby and then give it to the Sterns. Did Mrs. Whitehead contract to sell her baby, a transaction that would be illegal, or her services? Services, say supporters of the surrogate mother industry. That view was endorsed by Mrs. Whitehead when she agreed to bear Mr. Stern's child. "I wanted to do something good for someone," she said.

But on seeing the little girl that she named Sara, she said, "my emotions just overpowered me." To take $10,000 for her looked a lot like selling a baby. She turned the baby over to the Sterns but did not accept the money. A few days later she asked if she could keep the child, whom they had named Melissa, for a week. They agreed. When the baby was not returned, six policemen arrived at the Whiteheads' front door in New Jersey. Mrs. Whitehead handed the baby out a back window to her husband and they fled to Florida.

Now, having been tracked down, Mrs. Whitehead faces criminal charges and the Sterns have the baby. Mr. Stern says, about life with the girl they call Melissa, "I love it." Mrs. Whitehead says, about the girl she calls Sara, "She's mine." Now the courts will have to say, about the girl they call Baby M., which home is hers.

Assuming that blood tests prove Mr. Stern's fatherhood, the judge can treat the case as a contract dispute, making New Jersey the first U.S. state to rule on the legality of surrogate mother contracts. Or the case might be treated as a custody battle, in which event the court will do what it does in any other custody dispute: decide what is in the best interest of the child.

With the marked increase in infertility among younger couples, the surrogate mother business appears to have a bright future. According to a 1983 government study, more than three million American married women want to have babies but cannot conceive. Many are eager to have a child with their husband's genes; a growing number of women are happy to oblige.

The public obligation is obvious. If states wish to tolerate surrogate parenthood, they need to establish guidelines, just as they do for adoption and other related issues. In many states, a man who donates to a sperm bank may be paid but he forfeits his right to any resulting child. Analogous guidelines would allow for the possibility, as in adoption cases, that a surrogate mother could change her mind within a specified time, or that someone in Mr. Stern's position could change his. The potential permutations may be complicated, but the underlying principle is clear: the best interests of the child.

— THE NEW YORK TIMES.

Still Too Much Poverty

The good news is that the poverty rate declined again in the United States last year. The bad news is that the decline was so much smaller than the year before and that this late in the recovery the poverty rate remains so high. The administration says the solution to the poverty problem lies in the private economy, not public programs. That was the lesson it drew a year ago when the poverty figures came out for 1984: Growth was up, and poverty went down. But in 1985 the economy weakened, and this year it has remained weak. The private economy may have done most of what it can to alleviate poverty in this business cycle. The 14 percent poverty rate announced this week — one seventh of the population — is not a good place from which to move into a period of sustained low growth or the next recession.

The pattern continues to be different for different groups and regions. In the Northeast, poverty went down last year; in the rest of the country it stayed about the same. Among blacks the rate declined; median black family income went up 5 percent last year after inflation, the most of any measured group, the Census Bureau said. The improvement is heartening, but what it left is not. The black poverty rate remained 31.3 percent; the estimated Hispanic poverty rate rose slightly to 29 percent.

Children, black and Hispanic particularly, continued to be the worst-off group in the society, in part because so many live in single-parent households. The poverty rate for black children was 43.1 percent and for Hispanic children 39.6 percent.

The poverty issue has mostly been discussed in the context of this administration's tax and budget cuts. But poverty had begun to rise before Ronald Reagan came to office; the low point was 11.1 percent, achieved in 1973. The income gap between rich and poor families had also begun to grow. No one knows all the reasons why.

The administration's early policies exacerbated this problem, but current policies may be helping. In the early Reagan years the tax burden in the upper-income regions was reduced, while for the poor it was allowed to rise. The new tax bill would correct for this as to the poor; the tax threshold would be put back above the poverty line. The decline in inflation also has helped. Benefits under Aid to Families with Dependent Children have lost about a third of their purchasing power to inflation in 15 years, but last year they recovered slightly. Plainly, though, there is more that an aggressive government could do.

AFDC benefits, even supplemented by Medicaid, food stamps and other forms of noncash aid, remain too low. So does the minimum wage, last increased in 1981. The unemployment rate — 7 percent — is unacceptably high. The news that poverty went down last year is welcome, but the figures are no cause for celebration.

— THE WASHINGTON POST.

Other Comment

Spaniards Observe Sasebo

The demonstrations in the Japanese port of Sasebo against the visit of the U.S. battleship New Jersey bring to mind the conflict between the United States and New Zealand. These events in remote countries are of particular importance for Spaniards. It is known that our ports are visited relatively frequently by U.S. warships, and there is no indication that the United States has guaranteed that these ships are not carrying nuclear arms. It is not serious to speak of a country as denuclearized if it has ships with nuclear arms in its ports.

— El Pais (Madrid).

Postgraduate Course by Post

One way of guaranteeing yourself an education is to get things slightly wrong in a newspaper column.

— Columnist Philip Purser in The Sunday Telegraph (London).

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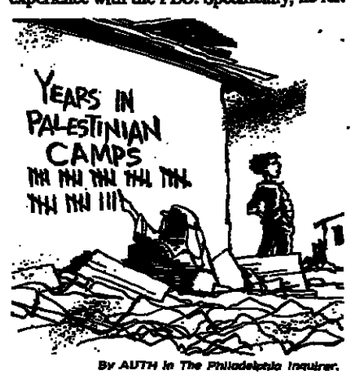
Why Not Recognize Palestinian Rights in Principle?

By Jerome Segal

COLLEGE PARK, Maryland — Common wisdom has it that intransigence on the part of the Palestine Liberation Organization is a prime obstacle in Middle East peace-seeking. King Hassan's insistence that only the PLO can speak for Palestinians supposedly caused the impasse in Israeli Prime Minister Shimon Peres's historic visit to Morocco last month. After all, wasn't it PLO intransigence that foiled the attempt at peace-seeking by King Hussein of Jordan earlier this year?

A careful review of the facts does not support this interpretation. It reveals significant flexibility on the part of the PLO, and U.S. failure to take advantage of that.

When King Hussein broke off his effort to bring about negotiations in February, he made clear that he was exasperated by his experience with the PLO. Specifically, he felt that the organization had reneged on a commitment to accept United Nations Security Council Resolutions 242 and 338 as the basis for an international peace conference. (The resolutions recognize Israel's right to exist in peace, and call for negotiations in which peace would be achieved through return of territory occupied in the 1967 war.)



By AUTH in The Philadelphia Inquirer.

For months King Hussein had been telling Washington that he had the *PLO's agreement* to accept Resolutions 242 and 338 if the United States agreed to participate in an international conference to which the PLO would be invited. After great effort, he obtained U.S. acceptance of PLO participation provided that the *PLO clearly and publicly* accepted 242 and 338, renounced terrorism and was willing to negotiate with Israel.

When King Hussein reported this progress to the PLO, he found that it was willing to accept 242 and 338 only if the United States accepted the right of the Palestinian people to self-determination. The PLO gave King Hussein, for conveyance to Washington, various formulas whereby it would accept 242 and 338. Shortly thereafter he threw in the towel.

A recent exchange of letters between the State Department and Representative Lee H. Hamilton, the Indiana Democrat who chairs the Middle East subcommittee of the House Foreign Affairs Committee, sheds interesting light on what happened. It suggests that intransigence on the part of the United States helped to derail the peace process.

King Hussein received the PLO proposals on Feb. 5. He washed his hands of the PLO in a speech on Feb. 19. Congressman Hamilton asked whether the State Department had knowledge of the PLO proposals before the speech. Yes, it had seen them on Feb. 6. Mr. Hamilton asked if State had considered the proposals an improvement on previous PLO positions. It responded, "Explicit references to 242 and 338 and to Israel are new."

This was progress; previous PLO statements had avoided direct mention of Israel and of the key resolutions. Why, then, did the effort collapse two weeks later?

From Washington's point of view, the problem was PLO insistence that it support Palestinians' right of self-determination. Mr. Hamilton asked, "Is the reference to Palestinian right of self-determination ... consistent with U.S. policy?" State replied: "The term 'self-determination' has in the Middle East context come to connote the establishment of a Palestinian state ... The United States does not support the establishment of an independent Palestinian state. Therefore such a reference is not consistent with U.S. policy."

In other words, the United States would not agree to the PLO's precondition. Presumably this was conveyed to King Hussein and thus he abandoned the effort.

But what of America's position? It refuses to recognize a Palestinian right of self-determination because it opposes the creation of a Palestinian state. Does this make sense?

Is America against a Palestinian state in principle? In the original United Nations partition resolution, which legitimized the creation of Israel, it was proposed that there be both a Jewish state and a Palestinian state. The United States supported that resolution. Why does it now not support the establishment of a Palestinian state? Apparently because of fears that the state would be hostile to Israel and would be a further source of conflict in the Middle East. Perhaps this judgment is correct; perhaps it is incorrect. But what are we to say of the logic of the position?

On principle it would seem hard to deny that the Palestinians have a right to self-determination. After all, if the Israelis have such a right, how can the Palestinians have less? The problem is that the right to self-determination does not include the right to establish a state that would then threaten its neighbors. The U.S. concern, and that of many Israelis, is how the Palestinians would exercise their right to self-determination.

Logically speaking, however, concerns about how a right is exercised are not a basis for denying that the right exists. Rights are not absolute. (Free speech does not mean you can yell "Fire!" in a theater.) The United States can with consistency grant that the Palestinians have a right to self-determination, even grant that in principle they have the right to an independent state, and still oppose the establishment of such a state until it can be shown that the exercise of that right would not violate or threaten the rights of others.

Approaching abstract issues of rights in this way would help to bring about and focus peace negotiations on the right point: How to satisfy both the Palestinian right to self-determination and the Israeli right to live in peace.

The writer is a research associate at the Center for Philosophy and Public Policy at the University of Maryland. He contributed this comment to the Los Angeles Times.

For a Six-Party Forum on Autonomy

By Gideon Rafael

JERUSALEM — This year may be remembered for its summer of Arab-Israeli summits. King Hassan II of Morocco was host to Prime Minister Shimon Peres last month, and before summer ends the leaders of Egypt and Israel are to meet.

Comforted by the Moroccan-Israeli summit and Israel's endorsement of the Taba arbitration agreement, President Hosni Mubarak is ready to hold a long-delayed meeting with Mr. Peres. During several lean years, relations were strained by Israel's military intervention in Lebanon, irritated by the protracted negotiations on Taba and chilled by Egypt's mainly successful efforts to reassert its influence in the Arab world. There exists now a reasonable prospect that renewed top-level dialogue will promote better understanding and wider cooperation.

Presumably the revitalizing of existing bilateral agreements and examination of new areas of cooperation will figure prominently in the talks. Joint projects for development of energy and water resources, for de-desertification, for urban renewal and for rural improvements, coupled with exchanges of technologies, could advance the solution of vital problems affecting the future well-being of both countries and also benefit the populations in the West Bank, Gaza and Jordan.

But no less important should be a renewed concerted attempt by the leaders of Egypt and Israel to break the Jordanian-Palestinian-Israeli deadlock. This effort should occupy a pre-eminent place on their agenda. Too much time has been wasted by futile exercises in diplomatic minuets, performed to a false tune by unsuited partners on the wrong floor. The forthcoming summit offers a unique opportunity to get the stalled peace train moving by devising a new itinerary and timetable, adjusted to the existing realities.

The Palestinian section of the Camp David accord outlined the route forward. Unfortunately not even the first transitional stage of autonomy for the West Bank and Gaza has been reached, mainly due to differences between Jordan and the Palestinians and their common refusal to negotiate with Israel.

In consequence, Israel steadily strengthened its hold over the territories, while the Palestinians progressively forfeited their best interests. An agreement to resume the aborted autonomy talks, with changes in format, venue and agenda, would probably provide the best chance for new momentum.

A round table conference in Cairo or elsewhere, in pursuance of President Mubarak's initiative in 1985, could be attended by representatives of the Palestinians, Jordan, Israel, Egypt, the United States and Morocco, if so desired by King Hassan and the other participants. Such a conference is likely to become the most promising vehicle for progress.

To avoid further procrastination by continued semantic quibbling over magic formulas for opening the door to the negotiation chamber, the invitation to the conference should be as concise and unspecific as possible. It should limit itself to inviting the Arab states and authentic representatives of the Palestine people willing to negotiate the establishment of peaceful relations with Israel and to abide by the UN Charter obligation "to refrain from the threat or use of force against the territorial integrity or political independence of any state."

Such an initiative would certainly be hailed as the central achievement of the Egyptian-Israeli summit meeting. But in addition to that, as well as bilateral issues, the two leaders would do well to discuss regional and global developments liable to affect the peace and security of their countries as well as the stability and the fortunes of the Middle East as a whole. In their assessment of the wider regional problems and the policies of the superpowers in the area, they are likely to discover that in a number of respects the views and interests of Egypt and Israel coincide rather than diverge.

The writer is a former head of the Israel diplomatic service and the author of "Destination Peace — Three Decades of Israeli Foreign Policy." He contributed this comment to the International Herald Tribune.

For Superpower Action

By Hugh Caradon

LONDON — It is nearly 20 years since the United States and the Soviet Union joined in the unanimous vote in the United Nations Security Council calling for Israeli withdrawal from Palestinian territories occupied in the 1967 conflict.

It has long been all too obvious that only by international action can peace in the Middle East be won, so a recent Soviet initiative is most important. Moscow proposes that the five permanent members of the UN Security Council — the United States, the Soviet Union, Britain, France and China — together tackle the growing dangers of the Middle East. They could negotiate together, hear both sides and then lay down the basis for a lasting peace to be endorsed by the General Assembly.

Surely this is the way to go: an international settlement backed by both superpowers, with the authority of the United Nations, in the interests of all those involved.

Indeed there is no other way. Likud will soon take over from Labor in Israel resolved to perpetuate the deadlock by refusing to release any Palestine territory. And despite King Hussein's endeavors, there is no indication that all the Arabs will join in supporting a peace initiative. So the overwhelming, urgent need is for the United Nations to follow up its unanimous resolution of 1967.

It is not as if a peace settlement were difficult to imagine or accept. A return of occupied Palestinian lands, and the right of Palestinians to exercise self-determination in their own homeland, coupled with an international guarantee of security for Israel — these are already internationally accepted aims.

In 1967 the Security Council unanimously called for "withdrawal from territories occupied in the recent conflict," emphasizing "the inadmissibility of acquisition of territory by war" and the right of every state "to live in peace within secure and recognized boundaries free from threats or acts of force."

In my London home I have a picture of the Security Council session with Arthur Goldberg of the United States on my right as we voted in the unanimous vote for a permanent Middle East settlement.

The common initiative of 1967 should be revived so that Palestinians will not be condemned to more misery and suffering in refugee camps, so that Israelis will become not oppressors but partners in a secure peace, and so that both superpowers will combine to work out in the United Nations a peace settlement in the interests of all mankind.

Lord Caradon represented Britain at the United Nations from 1964 to 1970. He contributed this comment to the International Herald Tribune.

A Debt Solution: Link Relief to Long-Term Trade Concessions

By Rudiger Dornbusch

The writer is a professor of economics at the Massachusetts Institute of Technology. He was part of a working group that helped Senator Bill Bradley develop his proposals on trade and debt.

WASHINGTON — The Latin debt problem is stuck after four years of wishful mismanagement. The Baker plan has backfired, in that it has become a cover for commercial banks to pull out of debt rescheduling by leaving the bag to multilateral agencies, with zero net benefit to debtors and trade interests.

Senator Bill Bradley's proposal for limited, trade-linked debt relief recognizes that more than banking interests are at stake. He advances two realistic objectives: to bargain trade concessions in exchange for limited and highly selective debt relief, and to turn around the officially assisted debt collection process that has become a major foreign policy liability.

Two features of the debt collection process are important to understand. First, debts are being serviced to the detriment of U.S. trade interests. Second, debt is being serviced by a deep cut in Latin America's investment programs. For both reasons, the present debt strategy works to the detriment of broad U.S. interests.

Debtors can pay interest only if they earn the dollars with which to pay, so they have to sell more to the United States and buy less from it. And indeed they have. Since 1982, U.S. trade with Latin America has experienced a swing of fully $15 billion, not even counting services. Latin America is running a huge trade surplus not due to export lust but due to the political and economic threats that enforce premature debt service.

The business end of the deal is this: For every dollar of interest you collect, you lose a dollar of trade.

Latin countries have put their labor on sale to outcompete U.S. firms in U.S. markets and in theirs. Already strapped by an overvalued dollar, U.S. firms are now hit by the loss of markets and by Third World competition of the United States' own making. Debt relief would mean increased Latin American spending power, more U.S. exports and less of an import invasion from the south.

Untimely debt service also involves trouble in Latin America. To free goods for exports or to cut down imports, something must give. Real wages have been cut dramatically — 40 percent in Mexico, for example — and consumption per capita is off sharply. But the brunt of the belt-tightening has fallen on investment.

The numbers are scary: From 1983 to 1985, investment as a ratio of GNP fell by five percentage points below the average of the previous seven years. That decline corresponds almost exactly to the turnaround in the trade balance. In other words, Latin America pays interest by sharply reducing levels of investment. In some countries, net investment has fallen to zero or has even turned negative, Argentina being a case in point.

That is frightening because there is no expansion in capacity and jobs despite a strongly growing labor force. The supply side is wearing out, but it is the supply side that must ultimately pay the bills. Debt relief would mean that Latin America would have the resources to invest. Instead of selling shoes in the United States, Latin Americans could keep them and also buy U.S. machines.

William R. Cline, senior fellow at the Institute for International Economics, has argued that things are improving with sufficient certainty to make hanging in the best strategy. Debt relief would erect insurmountable obstacles against a return to voluntary lending. Countries that back out of debt services now, he says, will be on the sidelines of the game of international finance for the season and beyond. But his argument carries little persuasion. Debtors in crisis normally get away with default.

That happened in the 1930s when all of Latin America wrote down its debts, serviced them in local currency or simply failed to pay. The Foreign Bond Holders Protective Council reported in 1949 that of the whole of Latin America's debt, half was in complete default, 45 percent was serviced with write-downs of principal and interest, and less than 3 percent was serviced on the original contracts of the principal outstanding. And Latin America prospered.

By suspending debt service, Latin America gained room to grow at much higher rates than the depression-stricken industrial countries. The trade surpluses were not enough to provide resources for both growth and interest payments. However, once countries walked away from their debts, there was plenty left to support an impressive period of growth and industrialization.

Today Latin America has two options. One is to keep on shrinking, at the risk of extreme social and political instability. The other is to challenge the creditors to a more equitable program of debt service.

Latin America contemplates this latter option, as is apparent from the Mexican tremors and from the secondhand market for Latin debts. Bank loans to Brazil trade in this market at 74 cents on the dollar, those to Mexico at 58, Argentina's at 66 and Peru's at only 23. These prices do not signal the imminent return of voluntary lending; they rather suggest loans in need of repair.

With indecent eagerness, the United States has provided a tax haven for Latin American capital flight while forcing real wage cuts and misery in an effort to collect timely and full interest for U.S. banks. To believe that there are absolutely no foreign policy costs to this travesty is naive.

The banks feel that nobody should make waves. They advocate the status quo, reasoning that sooner or later the taxpayer will be brought in to let the banks off the hook.

The Bradley proposal rules out this option and proposes instead to pull the plug on the mindless mugging. It advocates a constructive, long-term trade-and-payments relation. It recognizes that by helping the debtors the creditors can only gain. The debts will be worth more because default is much less likely. Because of relief, there would be room for more U.S. trade and jobs. And all of it adds up to good foreign policy.

The proposal now requires legislative support to make it operational.

The Washington Post.

LETTER TO THE EDITOR

Nine Steps for Debtors

The "Nine Proposals for Coping With Third World Debt" advocated by Melvin M. Fagen on this page on Aug. 18 would only temporarily relieve the current symptoms of the debt crisis. As with other proposals for increased financial assistance to debtor nations, they ignore the corrective actions that Third World countries need to take themselves.

Mr. Fagen's points essentially propose a ceiling on debt service payments, easier repayment terms, increases in private, government and World Bank lending and less stringent requirements by the IMF to avoid conditions that create social upheaval. He also proposes joint creditor-debtor country action to prevent "unauthorized export of capital from over-indebted countries." He cites this unauthorized outflow at $100 billion per annum — about the same amount as the estimated interest that Third World countries must pay each year on outstandiong loans.

Such proposals are analgous to prescribing heroine for the dope addict. They may ease the pain but they won't cure the disease. Indeed, they will compound the debt problem and make adjustment harder later on. The need is for fair, straightforward economic policies that act as magnets for attracting domestic and foreign capital alike into productive investments.

For most countries, this means eliminating monopoly privileges, licensing and regulatory barriers; tariff walls and confiscatory tax regimes that limit businesses from reaching full potential and dissuade national and foreign investors from creating new wealth. Nine suggestions:

1. Eliminate restrictions on foreign investment as a share of ownership.

2. Allow annual repatriation of dividends up to 20 percent of foreign equity invested in the country.

3. Allow full foreign exchange retention for all firms that generate additional exports. Allow these exporters to sell foreign exchange to other businesses at any price.

4. Allow nationals to open interest-bearing accounts in hard currencies, and allow deposits to be made during an initial one-year period on a "no-questions-asked basis."

5. Limit tariffs on imported raw materials, intermediate goods and capital equipment to 20 percent.

6. Set the corporate tax rate at 30 percent, but disallow accelerated investment credits and allowances.

7. Eliminate double taxation of dividends by taxing corporate profits once at the company level and exempting dividend payments from tax at the personal level.

8. Reduce personal tax rates to a maximum 30 percent and broaden the tax base by reducing deductions.

9. Convert all business licencing regulation to simple registration of new businesses, thus ending de facto monopoly privileges for government and private firms alike.

The substitution of equity investment for foreign loans will be the hallmark of countries that have resolved their debt problems. There will be no resolution of the debt crisis until borrowers and creditors alike recognize that the solution lies with basic reform of economic policies that have discouraged investment and retarded growth. No amount of new loans and debt rescheduling can replace such reform. Neither can standard IMF "austerity" programs which, while useful for improving fiscal and monetary stability, do not by and large dismantle barriers to growth or provide the necessary incentives to attract investment and get Third World economies going.

PETER M. HANSEN.
Paris.

The writer is an economist with the World Bank currently researching the incentive effects of tax policy.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: Cruiser for Peru

PARIS — The French armored cruiser Dupuy-de-Lôme has been sold to the Peruvian Government for 3,700,000 francs. The French newspaper, the "Figaro," says the Dupuy-de-Lôme was the first armored cruiser ever built, as until that time cruisers only had an armored deck. She was launched in 1887; and she is a ship of 6,500 tons, carrying two 190mm. guns, six 160mm. guns and sixteen small guns. Her speed, which was thought considerable at the time, is 18-and-a-half knots. She cost about fifteen million francs. Commander Ernesto de Moro and two other officers of the Peruvian navy are proceeding to Lorient, where they will control the fitting of the ship, which is to be delivered in four months and a half, fully armed and ready for immediate service.

1936: Martyrs in Spain

ROME — A story of how 40 Claretian missionaries, condemned to death by Spanish Reds at Barbastro in the Pyrenees, walked to their death singing hymns and shouting "Long live Christ the King!" was told at Vatican City [on Aug.28] by two Argentine brothers, who had escaped from Spain. The missionaries were massacred Aug. 13 and 14, after the Bishop of Barbastro, the father superior of the Claretian College and several other priests had already been shot. The two Argentines also were jailed, but were released on the day of execution because they were foreigners. They crossed the frontier and reached Rome. The Spanish missionaries were walked to a firing squad in two groups. The Argentines, who watched the murders, said they were all glad to be martyrs for their faith.

INSIGHTS

Old Hands at Liberal Think Tank Struggle to Find Some New Ideas

By Sidney Blumenthal
Washington Post Service

WASHINGTON — The Institute for Policy Studies is the Pluto of think tanks, the one farthest from the Reagan sun.

After six years of Ronald Reagan's presidency, IPS appears to be the think tank that time forgot.

"We've spent 20 years with Republican presidents," says Robert Borosage, 40, the institute's director. "The posture we've been in for a generation has been defensive. And we're in middle age now."

The institute was created in 1963 in an attempt to present leftist ideas to the Kennedy administration. By speaking "truth to power," said Marcus Raskin, an IPS senior fellow and co-founder of the institute, power would gradually cede ground.

But now the thinkers at IPS are struggling to form the plausible left wing of a nonexistent Democratic administration.

Ironically, as IPS has declined in Washington influence its stature has grown in conservative demonology. In the Reagan era, the institute has loomed as a rightist obsession and received most of its publicity by serving as a target.

Perhaps the most lavish attack — "IPS: Empire on the Left" — was written by Rael Jean Isaac in *Midstream magazine*. It asserted that the New Left, "after its supposed demise," continued to serve the "Soviet line" through IPS.

But although accusations persist that the institute is a conspiratorial nest of Marxist-Leninists, the place more nearly resembles the stateroom scene in the Marx Brothers' movie "A Night at the Opera," in which the purposeful, the alienated and the merely curious crowd themselves into a small cubicle.

Amid the daily din, 20 resident fellows wander about. Their salaries range from $18,000 to $50,000, the latter figure reserved for ancient seers.

Among the illuminati are George S. McGovern, the Democratic presidential candidate in 1972; Richard Barnet, the other co-founder, whose writings on national security appear regularly in The New Yorker; Barbara Ehrenreich, the feminist author and co-chair of Democratic Socialists of America; and Isabel Letelier, widow of the assassinated Chilean exile leader.

Senior fellows are often unavailable for interviews because they are taking a stint at the switchboard. The paint in the building is peeling. The elevator does not work, and has not for years. Unframed posters thumbtacked to nearly every wall recall protests past and present.

One fellow describes the physical conditions as "Third World." The declassé style that meant political commitment in the 1960s remains in fashion.

In the dingy warren, hundreds of students come and go, attending courses at the institute's Washington School. Youthful assistants attired in jeans and work shirts dash from floor to floor clutching the latest pamphlets.

Unexpectedly, a foreign leader, usually out of power, may arrive for a lightning visit — say, Neil Kinnock of the British Labor Party. And there are less suspicious visits from the 200 associate fellows, who are academics from across the country, a few of whom receive small grants.

Marcus Raskin, a co-founder of the Institute for Policy Studies, is no stranger to controversial positions, as evidenced by this 1968 meeting with reporters following his acquittal on charges of conspiring to counsel American youths to avoid the draft.

UPI

"Ideas have always counted in Washington," says I.F. Stone, a journalist and author who is friendly toward IPS. "What has really changed is that right-wing ideologists have suddenly flowered. The town is lousy with conservatives. IPS is about the only think tank on the left."

Yet, in an earlier time, IPS fellows possessed the aura of glamor that came from being Washington's most intense intellectual opponents of the Lyndon B. Johnson and Richard M. Nixon administrations. Mr. Raskin's and Mr. Barnet's names appeared on the "enemies list" created in the Nixon administration.

IN those glory days, when the New Frontier was evolving into the Great Society, a few notions that had been incubated at IPS, such as the Model Cities program and the Teachers Corps, became policy. And in the halcyon days before the Vietnam War, IPS became a regular part of the policy-making culture, where officials and scholars mingled daily.

Above all, IPS pioneered the modern politics of ideas in the capital. And even as conservatives were clubbing IPS, they tried to imitate its form. The Heritage Foundation, for example, was modeled directly on IPS.

The transition from John F. Kennedy to Ronald Reagan, from liberalism to conservatism, is encapsulated in the IPS story — a story of liberal fragmentation, squandered opportunities and dashed hopes.

When Mr. Raskin came to Washington in the late 1950s as a congressional aide, he was a graduate of the University of Chicago and its law school, a wearer of the thin ties and oval, tortoise-shell glasses that were emblems of the intense intellectual of this strange interregnum — post-Stevenson and pre-Kennedy.

He had been a child prodigy on the piano, but felt he could never attain the heights of a Rubinstein and chose to become a virtuoso of public policy. His mind is in a constant storm, raging simultaneously with clouds of abstraction and precise proposals.

After Kennedy was elected, Mr. Raskin was appointed deputy to McGeorge Bundy, the national security adviser. He remembers sitting at a long table with the generals and wise men — Dean Rusk, Walt Rostow, Paul Nitze, John J. McCloy — to plan policy on disarmament.

"If this group cannot bring about disarmament," declared Mr. McCloy, "then no one can."

Mr. Raskin rolled his eyes. His gaze caught the look of another eye-roller — Richard Barnet, Mr. McCloy's aide at the State Department.

Mr. Barnet had graduated from Harvard summa cum laude and had attended Harvard Law, the Harvard Russian Research Center and the Princeton Center for International Studies. Then he wrote a book on disarmament.

In the age of the best and brightest, it was an impeccable resume. The calm and rational Mr. Barnet seemed built to specification for the State Department world, yet he was already somewhat disillusioned.

"I was quite struck by the relationship between academics and the government," he says. "They were essentially servicing the bureaucracies, not challenging the assumptions. It was a narrow group. [Henry] Kissinger was very much around."

Mr. Barnet and Mr. Raskin met when they decided to leave the government to find a better vantage from which to influence it.

Washington was then in the Stone Age of think tanks. Following the dominant model of the Brookings Institution, the few that existed aspired to neutrality and "value-free" research.

The notion of a politically engaged institute struck a lot of the people as a bizarre innovation.

"They were amazed we were doing such a thing, such a crazy undertaking," says Mr. Barnet. Still, he adds, "the relationship to the administration wasn't bad." The White House and State Department remained open to them.

They would be intellectuals as activists and activists as intellectuals.

INITIAL funding came from James Warburg, an FDR economic adviser and member of the "Our Crowd" banking family, and Philip Stern, the Sears department store chain heir. The first chairman of the IPS board of trustees, appropriately, was the old New Dealer, Thurman Arnold, senior partner at Arnold, Fortas and Porter, the formidable Washington law firm.

This year, the annual budget for IPS is $2 million, a pittance compared with the $11.2 million being spent by the Heritage Foundation and the $14.5 million by the Brookings Institution.

The IPS endowment consists of the institute's two buildings and a stock portfolio worth less than $1 million. Individual donors and foundations provide the bulk of the funding.

Among the former are Smith Bagley, an R.J. Reynolds Inc. heir; Robert Potter, former general counsel of The Wall Street Journal, and Max Palevsky, a high-tech entrepreneur. Foundation support this year includes grants from MacArthur ($200,000) and Ford ($50,000). The Rubin Foundation, whose endowment comes from the Fabergé perfume fortune, has given millions over the years.

MONEY, however, is not the root of all influence. The institute is in perpetual financial straits, yet another sign of profound shifts in the realms of politics and ideology.

Since 1964, when LBJ won a landslide and the Democratic consensus seemed secure, the left and right have gradually traded places. Conservatives turned what was widely regarded as a far-fetched ideology into conventional wisdom; left and liberal ideas that were once considered mainstream have been relegated to the fringe.

The ideological hegemony that conservatives currently exercise — especially over the Washington political community, according to Mr. Barnet — may be because "people on the right had a much more perceptive view of the importance of ideas than the liberals."

But the conservatives have also had Mr. Reagan, whose popularity has muffled much debate. When the battle for the post-Reagan succession begins in earnest, when preconceived notions are overrun by events, what Mr. Barnet calls the "crisis of all ideologies" may finally erupt.

"This is a period of shifting sands," says Mr. Raskin. "People are looking for first principles to hang on to or ideas to serve as guideposts."

Mr. Barnet hears echoes of the late 1950s, when another aging, popular Republican was in the White House and liberals groped for alternatives. "In a way," he says, striking a hopeful note, "it's like the beginning."

What it feels like to be a leftist in a conservative age can be broken down into distinct stages, something akin to grief: First comes shock — disbelief that a conservative is actually president and that he actually has a program. Then come fear and trembling — fright that the program is a new Inquisition. Rage and protest follow, succeeded by a recognition of the need for new thinking. This works-in-progress stage is the one that most IPS scholars currently find themselves in. Accordingly, IPS fellows will publish about 15 books this year, six issued by the institute.

In recent years, the views of some IPS fellows have prompted the charge that they have become apologists for Third World revolutionary tyrannies.

"They are absolutely pro-Sandinist," says Robert Leiken, a fellow at the Carnegie Endowment for International Peace, who has been associated with IPS in the past. "I have not heard a critical word."

"It's critical to be critical," says Mr. Barnet. "There's always a danger of appearing to be an apologist of something you're trying to explain in a hostile political environment. There's a perception that we're overly concerned with the Third World. I think it's a fair criticism." He adds, "Our biggest weakness is in domestic policy."

But the criticism about IPS that comes from places other than the right is not really about being "overly concerned" with the Third World. Rather, IPS is charged with a romanticism that clouds perception. The focus of much of this criticism falls on Saul Landau, who befriended Fidel Castro in 1960 and made a film about him.

But much of the rosy glow has faded. "For me," Mr. Landau reflects, "Cuba is not a terribly attractive model. The stuff that seemed exciting to me 25 years ago — revolution — doesn't seem exciting now. I want to get out of Nicaragua and into America."

"The real question," says Mr. Barnet, "is to redefine the conditions the nation is in, which are totally different from the period after World War II."

Since 1983, IPS has sponsored an annual meeting of U.S. experts and Soviet officials, a meeting that, incidentally, provides a perennial occasion for denunciations.

Howard M. Wachtel, an economist at American University in Washington and a fellow at Transnational Institute — an IPS affiliate based in Amsterdam — explains in a new book how a "supranational" monetary system has created novel perils of instability.

Yet another project, focusing on the future of human rights and planned in anticipation of the bicentennial of the Constitution in 1987, is being conducted by Mr. McGovern.

The current scene has been intricately analyzed by another fellow, William B. Cannon, former dean of the Lyndon B. Johnson School of Public Administration at the University of Texas, whose forthcoming book argues that the 1980s have been a decade of yawning inequality.

HIS political prescription is to transform the Democratic Party into a tightly disciplined party of the "lower class." At the institute, Mr. Cannon's analysis provoked much debate. There was general agreement with his view of what Mr. Reagan had wrought, but general disagreement with his political proposition.

But the sum of the parts does not equal the whole. "We are defined by the tension with orthodoxy," says Mr. Barnet, "not just by the particular issues or proposals we make."

Yet this is not the only tension with which those at IPS must cope. There is much talk about the wretched of the world, but little about the class to which the IPS fellows happen to belong: the new class whose skill is knowledge and information.

The IPS thinkers have not devised a new New Deal. But they believe that a transformation at least on that scale is needed. They have an intimation that this is an age in which the old categories no longer apply and the new ones have not yet been clearly defined.

"The steam has gone out of all the major ideologies, whether it's Marxism, or pure capitalism, or even the standard mix that goes by the name of social democracy," says Mr. Barnet. "They are all basically 19th-century ideologies; they are all in crisis.

"This is a time waiting for new ideas to provide some kind of structure," he said. "It is one of the reasons there is an impatience with the institute. People want answers."

"The old ideologies must be transcended; they impair our understanding," says Mr. Raskin. "We have to continue searching."

SUDAN: *Both Sides in Civil War Are Using Hunger as a Political Weapon*

(Continued from Page 1)

son towns for fear that the SPLA will benefit from that. As a response, the SPLA has blocked all roads and rivers so that no food or reinforcement reaches such towns and garrisons."

The willingness of both sides to impose hundreds of thousands of people to starvation is a measure of the hatreds born of 30 years of intermittent fighting between the Moslem north and the Christian and animist south.

The Sudan People's Liberation Army, which claims 20,000 men in uniform and controls most of southern Sudan outside the major towns, wants regional autonomy for the south. Its most immediate demand is an end to northern imposition of Islamic law, or *sharia*.

Here in Narus, Colonel Manyiel said there would be no safe passage for relief food until the Khartoum government had agreed to several "small conditions." These, he said, include immediate repeal of the laws enforcing sharia and a renunciation by the government of its defense treaties with Egypt and Libya.

The recently elected government of Prime Minister Sadiq el-Mahdi has gone out of its way in the last four months to cement relations with both Egypt and Libya. It appears unlikely that Mr. Mahdi, who last week broke off all negotiations with the rebels, calling them "terrorists," will agree to the conditions.

Besides the historic north-south hatreds in Sudan, a complex web of international influences is exacerbating the famine here in the south.

There is a widespread suspicion in Khartoum that Ethiopia has encouraged the rebels in southern Sudan in order to pressure the Sudanese government to withdraw its tacit support of rebel groups in northern Ethiopia.

The southern rebels, meanwhile, say the signing of a defense agreement between Sudan and Libya, giving the Sudanese government access to Libyan bombers and fighter planes, has forced them to take a harder line.

Finally, famine in the south may be worsened by the continuing internal problems of Uganda.

On Tuesday, President Yoweri Museveni banned shipments of relief food into Sudan. Mr. Museveni has accused the Sudanese government of supporting Ugandan rebels; Khartoum denies the charge.

Until the rebels halted the movement of relief aid, the bulk of the food assistance to southern Sudan had moved by road through Uganda.

Relief officials in Nairobi said Thursday that a convoy of 205 trucks transporting 1,170 tons of corn, which had left before the Ugandan ban, arrived in the government-held town of Juba on Wednesday night. It was the first major shipment of food to reach Juba in nearly a month.

The net effect of the internal and international squabbling, according to a UN statement this week, has been to propel southern Sudan toward "an extremely critical point." The executive director of the World Food Program, James Ingram, in appealing this week for safe passage of relief food, repeated that without quick action "up to two million could starve."

U.S. Aide Asks Food Truce

Washington Post Service

WASHINGTON — A U.S. official has appealed to the Sudanese government and the rebel Sudan People's Liberation Army to agree to a "food truce" that would permit deliveries to hundreds of thousands of people facing starvation.

"As the condition of large numbers of innocent people continues to deteriorate rapidly, I call upon the government and the SPLA to allow desperately needed food to reach those in need," M. Peter McPherson, administrator of the Agency for International Development, said in an interview.

Nonmilitary American aid to Sudan during fiscal 1985 was slightly more than $400 million, with $261 million of that in regular and emergency food aid.

Because of political and administrative problems caused by a military coup last year, U.S. aid this year has fallen to about $200 million. But that has included food assistance of $161 million in the form of wheat, wheat flour and sorghum.

The United States has offered to provide an additional 3,000 metric tons of grain, but the offer has not been accepted because of delivery problems resulting from the civil war. The U.S. plan is for Kenya, which has a surplus of corn, to deliver the grain from its stocks, with the United States reimbursing Kenya later with American grain.

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(Continued From Back Page)

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EUROPEAN TOPICS

Dutch Decry Sentence In Foreign Drug Case

DUSSELDORF — Harm Dost, a Dutch citizen, was sentenced to 10 years in prison here last week for selling hashish and marijuana in the Netherlands to West German tourists. The sentence has caused a public outcry in Holland. Dutch politicians and journalists accuse the Düsseldorf court of trying to punish the Netherlands for its permissive policy toward "soft drugs."

Small-scale selling of such drugs is tolerated by Dutch authorities, who say they prefer to concentrate on fighting heroin and other hard drugs. Frederik Korthals Altes, the Dutch justice minister, is to travel to Bonn soon to discuss the Dost case.

Mr. Dost, 38, ran a drugstore in the city of Arnhem, 18 miles (30 kilometers) from the West German border, in which he openly sold hashish from 1978 until November 1984. That month, while on vacation in Tenerife, he was arrested by Spanish police on West German charges of selling drugs and smuggling them into West Germany. The smuggling charge was dropped after Spain extradited him to West Germany.

Mr. Dost's attorneys said West German authorities had used a false charge of smuggling to obtain his extradition, and that they had no right to prosecute him for crimes committed outside West Germany. But the prosecutor in Düsseldorf said West Germany had the right to act against people who represented a danger to its society.

Police Training Cited In 2 Paris Killings

PARIS — Discrepancies between the instructions given Paris police officers and their training could help explain why two unarmed men were shot and killed by policemen in separate incidents last month, the Paris daily Le Monde said last week. The police handbook tells officers to use their arms only "in legitimate self-defense," and "not just out of fear of possible violence." It also advises the use of arms "in proportion to the attack." But at the force's eight shooting ranges, policemen are taught to shoot to kill, rather than wound, the paper said.

A Paris policeman, aiming at a still target representing a person, receives the maximum score of five points when he hits the head or chest; four for the shoulders, and three or less for the arms and lower torso. He cannot practice shooting at the legs, since the target stops just below the waist. In some other European countries, policemen are rewarded highest points according to the precision with which they hit the lower part of a life-sized target.

Chernobyl Increases Nuclear Sightseeing

STOCKHOLM — Thousands of tourists have visited Swedish nuclear plants since the Chernobyl disaster in April, driven by both fear and curiosity. The Ringhals power station in western Sweden said that 10,000 visitors had come in the three months after the Soviet disaster, twice as many as in the comparable period in 1985. Visitors are asking many more questions than before, said a spokesman at the Forsmark plant on the east coast.

Meanwhile, in England, the campaign to attract visitors to the Sellafield nuclear power station has proven such a success that new jobs have been created to handle the influx. The number of visitors is expected to exceed 100,000 this year, up from 30,000 last year. The station started its campaign in July by mailing eight million cards inviting tourists to visit.

Rick Wilking/Reuters

HEAVY COMPETITION — Sepp Ambauen heaved a 184-pound rock 3.74 meters Thursday to win at the Alpine Festival in Sion, Switzerland. Boulder throwing has been a popular sport in the Alps for centuries.

Around Europe

ST. POLTEN, Austria — Lower Austria was the only of Austria's nine regions that did not have its own capital, until it chose one in a refereendum this spring. Last month, St. Pölten officially became the regional capital of Lower Austria, which had been governed by Vienna. Officials in Vienna estimate that it may take 15 years before all regional offices and services can be moved to St. Pölten. History and geography textbooks have to be rewritten, and road signs must be changed to reflect the town's new status. The city's 15,000 people are also calling for St. Pölten license plates, a university and an airport. Aviation officials are doubtful about the latter ambition because St. Pölten is only 38 miles (60 kilometers) from Vienna.

LONDON — Londoners are truly honest, says the British weekly The Observer. A reporter, posing as a French tourist, spent a day at the city's tourist sites trying hard to get "ripped off," as instructed by his superiors. He flashed stacks of £10 bills at taxi drivers and store owners and invariably got back the right change. "Our industries may be declining, our export deliveries late and our sewers cracking up but, by God, we're honest," he wrote.

SYTSKE LOOIJEN

In Liverpool, a Bare-Fisted Political Melee

By Francis X. Clines
New York Times Service

The Associated Press

Idle docks in Liverpool. Tony Mulhearn, inset, and others in Militant Tendency were expelled from leadership posts in the local Labor Party by Neil Kinnock, the national leader.

LIVERPOOL — Politics in this dark and lively city has become as bare-knuckled as life was on its docks before the collapsing economy made it the hard-times capital of the Labor Party.

The strategies of Trotsky are wielded now by garrulous City Hall incumbents with the sort of thrust that used to drive the dockers' baling hooks, and paradoxically their effort is pointed at the heart of the Labor Party's hierarchy in London.

Tony Mulhearn, who was recently expelled from the local Labor Party leadership, said, "If somebody described me as a Marxist, one who recognizes the contributions of Marx to Socialist thought and the marvelous fight of Trotsky against Stalin, I'd say that's right."

Mr. Mulhearn was removed as head of the party by Neil Kinnock, the national Labor leader. Mr. Kinnock is making a considerable effort to purge the party of what he denounces as "maggot" extremists who have been bedeviling him and the party's national image as he heads for a crucial attempt at becoming the next prime minister.

Much more than embarrassment and party orthodoxy are at stake for him, since Prime Minister Margaret Thatcher and other critics have been trying to sketch the Labor Party in the voter's eye as a group prey to fanatical ideas from "extreme left-wingers."

Mr. Kinnock's targets here are Mr. Mulhearn and eight other leaders of an aggressive, locally successful faction of the party called the Militant Tendency, which Labor critics denounce as a dictatorial fifth column bent on exploiting the party for dogmatic purposes.

The Militants, driven by the tenets of Marxism and the fervor that comes of this region's long-term unemployment, insist that they embody the party's original Socialist concerns, which they say have long since been muddled by national Labor leaders like Mr. Kinnock in searching for the safer middle ground of voter appeal.

The fight might be dismissed as academic were it not for the fact that the Militants typify various challengers within Labor to party moderates across the nation. Some analysts estimate that unless and until Mr. Kinnock's purge succeeds, a future Labor majority in the House of Commons might be dominated, 2 to 1, by the leftists.

In Liverpool, the Militants have been the driving force behind the local party's control of the city government. They have been the political "ins" for three years, rambunctious and proud, and they seem to welcome the higher political stakes of combat with Mr. Kinnock, saying his "witch hunt" will bring them fresh sympathy and political financing.

During incumbency, they have become embroiled in budget deficits and legal fights with the central government. But the Militants of the City Council majority contend they have been building the democratic model for a government-controlled economy that they hope to impose on the national level.

Critics scoff at the Militants, most recently in savoring a court ruling that the Liverpool Council majority was in "willful misconduct" last year in causing a crisis by delaying their duty to raise taxes for the budget. Forty-seven Labor councilors were denounced as "political zealots" by the judge and ordered banned from office for five years.

The Militants' talent for governing was thus questioned, but their knack for aggressive politicking was attested to in a separate incident when a Labor member of Parliament from the Liverpool region, Robert Kilroy-Silk, announced he was quitting after "three years of misery and vilification" by the Militants. The resignation embarrassed Mr. Kinnock just when he was trying to rally Labor moderates in the Militants' strongholds.

After a decade of Militant growth in the party, Mr. Kinnock obviously senses the left-flank pains or paralysis that extremists could cause in any future Labor government. He has been mocking their city government efforts and driving out the Militant leaders as Labor heretics given to "lunacy," not idealism.

Terry Harrison, one of the founding Militants now driven from the party, said, "Kinnock can expel people, but he can't expel ideas." Mr. Harrison insisted that the group was a legitimate Marxist wing of the party and not a secret "party within the party," as Mr. Kinnock charges. Estimates are that there might be 5,000 Militants among the party's 275,000 members, but they are active and well-organized.

"Our crime is that we have organized too well," Mr. Harrison said, stressing that, whatever the state of their orthodoxy, the Militants have made themselves a powerful force in Liverpool.

About 60,000 manufacturing jobs have been eliminated in Liverpool over the last seven years, with unemployment at 20 percent on average. Among the young in neighborhoods like Dovecot and Croxteth, it is estimated to be near 90 percent.

Mr. Kinnock's crusade against the Militants is appreciated by Sir Trevor Jones, the Liberal Party leader on the City Council, who contends that the city is broke and badly run and that his party expects to regain control in the next elections. In his view, the Kinnock offensive, as much as it might reassure middle-class voters closer to London, could prove self-defeating because it overlooks the fact that "whether he likes it or not, the Militants are the Labor Party here."

National party officials insist a more moderate Labor alternative is viable, but Sir Trevor says leaders of all the major parties fail to realize that unless serious unemployment is urgently dealt with, the appeal of extremism, particularly to the young, will have a growing effect on mainstream politics.

In a certain way, Militants like Mr. Mulhearn agree. "Kinnock can change the party, but he can't change the people," he said.

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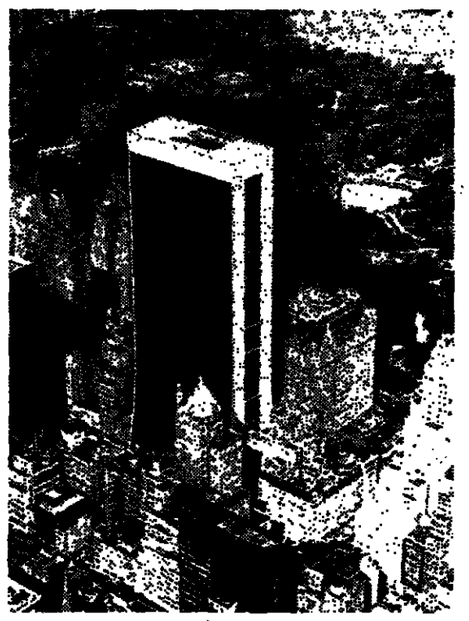

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Alabama black heritage

■ At sites ranging from the Carver Museum at Tuskegee Institute, where George Washington Carver's scientific contributions are memorialized, to the Dexter Avenue King Memorial Baptist Church in Montgomery, where the Reverend Martin Luther King Jr. began his leadership of the civil rights movement, the state of Alabama is recalling its black heritage. More than 80 sites — including the Alabama Sports Hall of Fame in Birmingham, where such Alabama-born or bred athletes as Joe Louis, Jesse Owens (left), Hank Aaron and Willie Mays are enshrined, sites where black Union soldiers fought during the Civil War, and the courthouse in Decatur where the Scottsboro Boys stood trial in 1933 — are listed in a new brochure. "Alabama's Black Heritage: A Tour of Historic Sites," Alabama Bureau of Travel and Tourism, 532 South Perry Street, Montgomery, Alabama 36104.

Old Tokyo re-created

■ Residents of the *shitamachi*, Tokyo's old commercial district, determined to preserve the past, have dedicated a museum to the bustling lifestyle of the area. The two-story Shitamachi Museum stands on the banks of the lotus-filled Shinobazu Pond in a quiet corner of Ueno Park in northeastern Tokyo. On display is a re-creation of a typical street, with a merchant's store, a rickshaw, a candy store, a community well, wooden houses and life-size figures depicting people clad in costumes appropriate to different professions. Open daily, except Monday, 9:30 A.M. to 4:30 P.M.; admission about $1.20.

Highlights down under

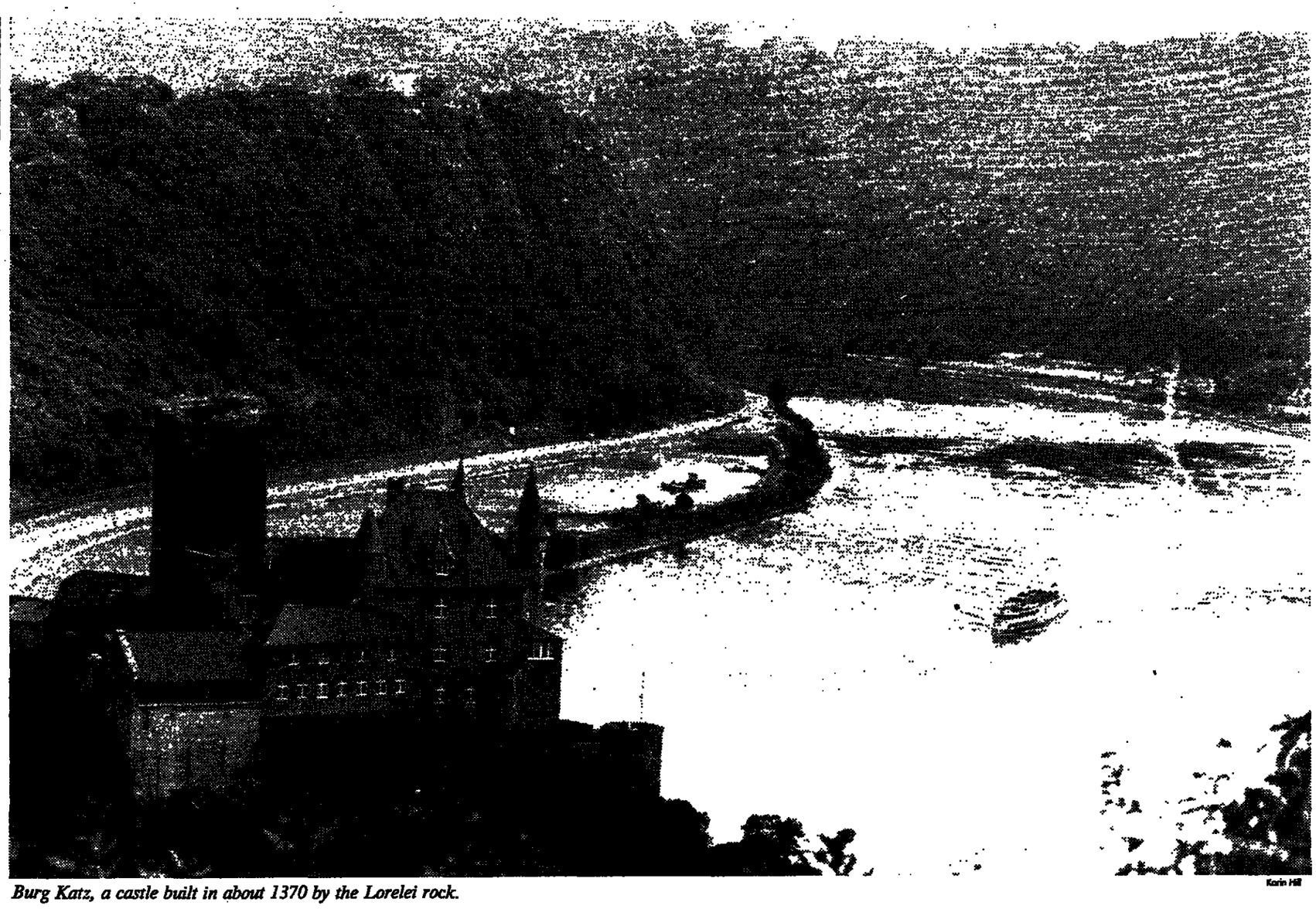
■ "Highlights Down Under" is a deluxe, fully escorted tour, Feb. 14 through March 12, 1987, through New Zealand, Tasmania and Australia. The group, limited to 25 participants, will sail aboard a private yacht on the Bay of Islands, take a safari by Land Rover along the beaches near Wellington, ride a jet boat down the Kawarau River, a helicopter over Queensland and a ski plane over Mount Cook, take the Indian Pacific train from Adelaide to Perth and go on a cruise of Milford Sound. Land arrangements cost $4,990 for deluxe hotels, sightseeing, special activities, all meals and gratuities. Round-trip air fare is estimated at $1,995 from Los Angeles. Arrangements are by Hemphill Harris Travel Corp., 16000 Ventura Blvd., Suite 200, Encino, California 91436.

Exploring historic Mexico

■ The romance of historic Mexico is the focus of a 12-day tour by motorcoach or chauffeur-driven car. It begins in Guadalajara, which has a restored colonial center, and includes a visit to the neighboring colonial village of Tlaquepaque, where many of Mexico's best crafts can be found. With stops at such colonial towns as Guanajuato — site of Parador San Javier, which is built around a 17th-century hacienda — and Querétaro, site of a 250-year-old Spanish aqueduct and scene of the execution of the Emperor Maximilian in 1867, the tour continues to Mexico City, then goes by air to the Pacific resort Ixtapa, where a three-night stay concludes the excursion. Departure dates Oct. 2, Nov. 6, Jan. 15 and Feb. 12. Information from Hartours, 20 Park Plaza, Boston, Massachusetts 02116.

Modern treasure hunts

■ Whether one is searching for pirate booty buried at sea or for royal riches hidden for centuries in an English castle, the task of the modern treasure hunter is now made easier by a book serving as both map and guide. In "Treasure Trove," the author, Tim Haydock, has prepared a list of historically documented sites to tantalize treasure hunters, from King Richard II's "White Hart Treasure," believed to have been hidden by the 14th-century monarch (right) at Beeston Castle in England, to the "lost silver mine," or San Saba Mine, in Menard, Texas, which was a target for Spanish treasure seekers in the 18th century. Descriptions of each site, complete with histories, photographs and maps, are provided, and Haydock includes suggestions as to the best way to approach each expedition. "Treasure Trove," by Tim Haydock, is published by Henry Holt, 521 Fifth Avenue, New York, New York 10175, and costs $9.95.



Burg Katz, a castle built in about 1370 by the Lorelei rock.

Korin Hill

Romancing the Mighty River Rhine

by James M. Markham

THE big river would seem to hold no mystery. One block from our house in Bonn, the Rhine slips along — fast, fat and confident in the winter and spring, trimmer in summer — right to left, toward Cologne, the Netherlands and the North Sea. It's familiar. I jog along the esplanade by the Rhine, ride my bike, walk the dog, who is bemused by the ducks clucking in the eddies, salute promenading friends and acquaintances who, too, have struck a certain easy rapport with this big brown ribbon of water that is wound around the romantic innards of the German soul.

The Rhine — 1,320 kilometers long (820 miles) — stretches from the Swiss Alps, disappearing and pausing in Lake Constance, emerging and hanging a right at Basel, then working its northerly way up the frontier between France and West Germany, cutting a sinuous crease through the chunk of West Germany named, naturally enough, the Rhineland. It spreads flat and wide into the Netherlands, where it bewilderingly assumes a number of aliases before effacing itself in the ocean. Surely no stretch of water has evoked such an outpouring of literary treacle. The pen hesitates before adding to the output.

"The Rhine is swift as the Rhone," exclaimed Victor Hugo, "wide as the Loire, deeply embanked like the Meuse, winding as the Seine, limpid and green as the Somme, historic as the Tiber, royal as the Danube, mysterious as the Nile, spangled with gold like a river of America, covered with fables and phantoms like a river of Asia."

In the German imagination, the river throbs with powerful patriotic resonances. "The Rhine — Germany's river but not Germany's frontier!" intoned Ernst Moritz Arndt, a passionate 19th-century advocate of German unification under Prussia. "Without the Rhine, Germany's freedom cannot long endure." Or try Max Schneckenburger, a contemporary of Arndt's and an author of nationalistic verse: "Dear Fatherland, thou may'st be calm; true and steadfast is the watch on the Rhine."

Even Friedrich Engels, one of the fathers of Communism, was not immune from Rhine patriotism. In 1840, Engels chastized "traveling John Bulls who languish in their cabins from Rotterdam to Cologne and only then go up on deck, because their 'Panorama of the Rhine from Cologne to Mainz' begins there. The young of Germany should choose as their place of pilgrimage some less frequented place like Xanten, home of the hero Siegfried." The confluence of the Mosel and Rhine at Koblenz is grandiosely called "das Deutsche Eck," the German corner, and is bedecked with a huge flag on the base of what had been a statue of Kaiser William I.

ONE of the most spectacular views of the river anywhere can be taken in at the Niederwald Monument, almost a half mile above the town of Rüdesheim, which was erected between 1877 and 1883 to mark the re-establishment of the German Empire. There, under a 32-ton bronze lady named "Germania" — a militaristic version of the Statue of Liberty, equipped with an imperial crown and a sword — is Max Schneckenburger's "Watch on the Rhine," emblazoned in stone with its stentorian exhortation: "To the Rhine, to the Rhine, to the German Rhine! Who will be the protector of the mighty river?"

You expect to come across stuff like this in France or Britain, but somehow in Germany it seems the victorious Allies might have angrily torn down such monuments after World War II. Generals Eisenhower and Patton were of course in a hurry to get eastward after crossing the Rhine at Remagen in 1945, so they may not have had time to think about the Niederwald Monument, which is probably just as well. Today it is a pilgrimage point for West German schoolchildren, who go more for the view and adjacent eagle farm than for its antiquated political message.

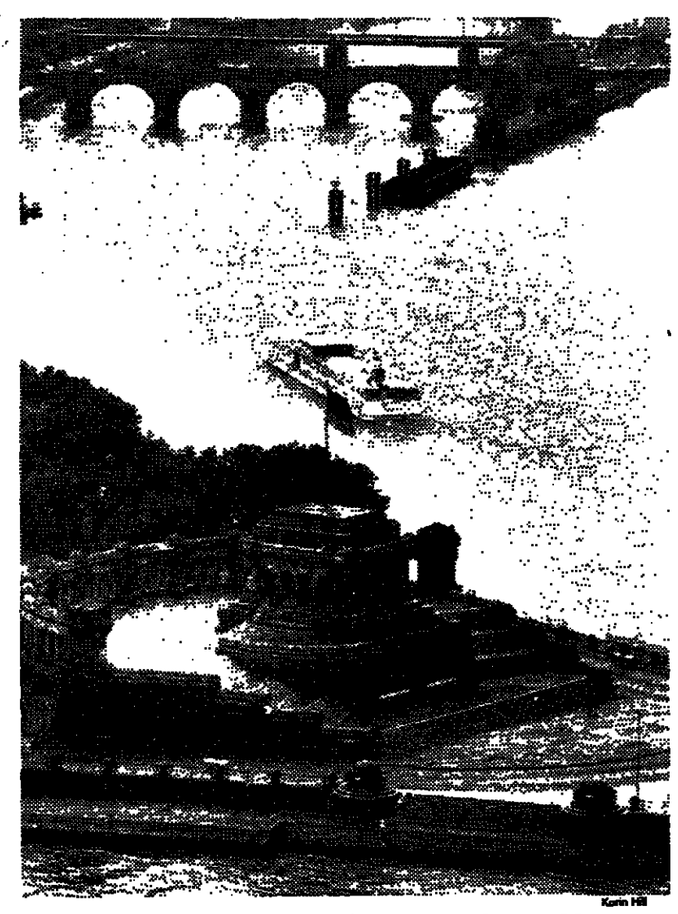
The Niederwald site is the clincher, in the opinion of Karl Baedeker, who observed in 1839: "Most travelers think they have seen the beauties of the Rhine when they have undertaken a quick journey up — and down — stream by steamship. It cannot be often enough repeated that no view can be more erroneous than this. However pretty the scenery may appear from the river, its finest charms are displayed only on the hills."

Now, if you live in Bonn, your quotidian encounters with the Rhine will not always have to do with its great beauty. First of all, it swells and floods in the spring, which is a bore for people who have their homes or apartments near its banks. Second, as conquerors going back to the Romans have discovered, it is an immense natural barrier; time is wasted waiting for the car ferries to make their wide arcs across the watercourse. Third, the weather is so consistently miserable in the implausible capital of the Federal Republic of Germany that the Rhine is usually glimpsed draped in a gray wet fuzz.

One night the fuzz lifted slightly as my family had just finished a pizza in Konigswinter on the right bank; we glimpsed a Rhine tourist steamer packed with elderly Germans doing the bunny-hop up and down the stairs, snaking through the decks. From our remote outpost, it was a hilarious comedy in mime since we couldn't hear the music but just watched the silent jumping — hop! hop! hop! The kids laughed all night.

It occurred to me recently that familiarity was breeding inappropriate senti-

Continued on page 9



Korin Hill

A cruise ship at the confluence of the Rivers Rhine and Mosel.

SHOPPING

Buenos Aires Combines European Elegance, Latin Flair

by Nora Scott Kinzer

BUENOS AIRES — This is a cosmopolitan city, a sybarite's paradise of theaters, bookstalls, boutiques and culinary delights. That the Avenida 9 de Julio was designed to be slightly wider than the Champs-Elysées, that the Colón is one of the great opera houses of the world, that many *porteños* (residents of Buenos Aires) speak virtually unaccented French, all suggest that Buenos Aires is a truly worldly place.

It is also an underrated but marvelous treasure trove for shoppers. Style, flair and cachet are basic elements of life for *porteños*. For many, life in Buenos Aires focuses on the need to be *au courant*. The newest exercise class, the latest joke, the hottest style of psychotherapy and the most fashionable hemline length are matters of paramount importance. Fashion and fads help many residents block out Argentina's grim economic realities and the worst of its recent political excess. While Argentines have always been fashion-mad, their current mania for style hides anxiety.

No wonder, then, that shops, boutiques, department stores and designers flourish in the capital of Latin America's most European nation. Many *porteños* cannot decide if they are Spanish, Italian or Latin American. Many of the city's eight million residents are in fact descended from English, Scottish, Irish or Lebanese immigrants. Nearly half a million residents are of East European Jewish descent.

In any case, "home" often means Europe, and the *porteños*' cultural heritage is across the ocean. All things European — style, fads, fashions and quirks — are highly valued and are brought to Argentina by fashion magazines and video clips from designer shows.

Many shops specialize in designer imports from Europe, but tourists will find the best bargains in Argentine copies, which reflect their makers' European heritage in skill and pride of craft. Argentine seamstresses and energetic textile firms produce beautifully tailored clothes and elegant leather goods that rival those from Florence, Milan and Paris.

Tourists and *porteños* alike meander through the elegant shops of Calle Florida, which is closed to automobiles, but *porteños* prefer the wide boulevard of Santa Fé, where they stroll in and out of the *galerías* to see and to be seen.

The Latin/European women of Buenos Aires are interesting anomalies in Latin America. In Argentina, women constitute 30 percent of the country's judges, nearly 40 percent of the lawyers, more than 40 percent of the medical doctors and more than half the dentists.

For the tourist, bargains are everywhere because of constant inflation and the ever-devalued peso. Unlike elsewhere in Latin America, blatant marketplace haggling is not welcome, but price cutting is a fine art in Buenos Aires: Discounts are automatic for traveler's checks, and there is more of a discount for payment in cash.

The profusion of Argentine cashmere sweaters (a good shop is Los 4 Ases, Calle Florida 519) and finely loomed Argentine tartan skirts will bedazzle and seduce any weary shopper. More seductive than anything else, though, is Argentine leather: purses, soft to the touch and easy on the bank account; delicious, silky suede skirts, suede coats and made-to-order suede evening dresses; items of calfskin, ostrich, crocodile, alligator, lizard, snake, even penguin leather. Remember that the word for "suede" in Latin American Spanish is "antilope." This high-quality leather is, however, from Argentine cattle and reflects the tradition of Italian craftsmanship. One good place to buy leather is Rossi Caruso at Santa Fé 1601, and Portolano, at Tucuman 1542.

Just as Italy forms the cultural heritage for Argentina's fine leathers, the Soviet Union and Eastern Europe serve as examples for Argentine furriers. Argentina's furs are one of the world's great bargains. Long, luxurious nutria coats sell for $600 and up; the $600 coat would sell in New York for $3,000. Another great buy is Patagonian fox. A full-length Patagonian fox coat sells for $900 in Buenos Aires and retails in New York for $5,000. Most of the Argentine furriers can be found off Calle Florida. Tailored coats can be ordered based on a description or a photograph. One suggested shop for furs: Maximilian Pieles, M.T. de Alvear 676.

After fur shopping, there is still time to look for Argentine artifacts, gaucho belts, fine old English silver and French antiques (try the San Telmo Flea Market, Plaza Dorrego y Humberto, on Saturdays and Sundays), or sheepskin-lined men's suede jackets and hunting boots. ■

Nora Scott Kinzer is a sociologist who has lived and worked in Latin America.

DIAF

A stall in the flea market at Plaza Dorrego y Humberto.

TRAVEL

THE FREQUENT TRAVELER

Seeing the U.S. by Bus: Many Miles for Low Cost

By Paul Grimes

NEW YORK — There is a lot to be said for touring the United States by road instead of hopping about by air. If you have the time, bus travel can be an excellent way to find out what the country is like.

There are limitations, however. You can go only where the bus goes, and that eliminates a lot of the country that buses covered a few years ago. As far as possible, buses today ply the Interstate highways, many of which provide an uninspiring view. And it often is not easy to coordinate bus schedules to suit your tastes or to find acceptable meals and lodgings unless you plan ahead.

The unlimited-mileage coupon books that the Greyhound and Trailways systems sell for $150 and up are among the country's biggest travel bargains, considering that the Greyhound network embraces about 90,000 miles and Trailways's about one-third of that. You can get on or off a bus wherever you want (Greyhound serves 14,000 communities), traveling only an hour or two a day or crossing the country on a continuous 80-hour stretch. If such travel is your bent, however, don't wait too long. Under pressure from fare wars on many air routes and increasing long-distance use of the automobile as gasoline prices have dropped, bus travel is ailing. Greyhound, for example, says it carried 33 million passengers last year, compared with 54 million in 1980.

Based on my experiences and on talks with Trailways and Greyhound officials and other travelers, here are some questions that arise if you are considering rambling by bus.

What sort of tickets are available?

Probably the biggest unlimited-mileage bargain is the coupon book sold by Trailways for $10 a day with a 15- or 18-day minimum, depending on the city in which you buy it (it's 18 days in New York). Additional days are also $10 each. Greyhound's best unlimited-mileage deal is its Ameripass, which costs $189 for 7 days, $249 for 15 days and $349 for 30 days, with extensions of each pass at $10 a day.

Although its price is higher, Greyhound has the distinct advantage of many more routes, including acceptability of the Ameripass by Greyhound of Canada, where Trailways does not have cross-country routes. On routes where both networks operate, Greyhound usually has more frequent service. Greyhound and Trailways coupons are accepted by many connecting carriers, but not by one another.

I used my Ameripass for 12 distinct legs. If I had paid the normal one-way fare for each of them, my total Greyhound outlay would have been $557.45, instead of the $259 I paid for a 15-day pass plus a one-day extension.

Had I not had a pass, an alternative to paying one-way fares would have been a circle fare of $365, according to R.L. Wilson, Greyhound's vice president for traffic. The circle fare allows unlimited stopovers, but routing must be determined in advance. Wilson said such a ticket would have been honored on Trailways (or vice versa) on routes where Greyhound did not operate or did not have a convenient connection.

What should you take along?

Most important, travel light. You may have to do a lot of walking between bus depots and places to spend the night. Also, many depots do not have secure places to store baggage while you walk about town.

Trailways and Greyhound ticket offices offer free system maps, but the most essential tool for a bus rambler is a current Russell's Official National Motor Coach Guide, issued monthly by Russell's Guides Inc., 834 Third Avenue SE, Box 278, Cedar Rapids, Iowa 52406 (tel. 319-364-6138). A single copy costs $7.60 plus postage. It contains timetables of most intercity bus operators in the United States and Canada.

Greyhound has the advantage of more routes.

How should you pace the trip?

I avoid overnight bus travel because the seating is much too cramped to stretch out, and I covet at least the opportunity to see where I am going. Also, if you choose buses that are scheduled as "locals," they may either avoid Interstates or at least get off them frequently for stops.

To me, the thrill of rambling by bus is to see towns and cities as well as countryside. If you stop traveling by 3 or 4 P.M., that usually provides ample time to find the most suitable accommodations (which may involve consulting the local chamber of commerce before it closes at 5). Where I had reservations, such as at bed and breakfasts, I sometimes arrived later. In smaller cities of historic interest, such as Fort Smith, Arkansas, I allowed several morning hours to see the principal sights. I did not travel every day: Two nights in cities like Louisville, Kentucky, or Minneapolis-St. Paul can be rewarding for a sightseer and allow time for handwashed clothing to dry.

What are the buses and bus depots like?

The typical bus carries up to 43 passengers in reclining seats. It is air-conditioned (and often so cool that you might want to don a sweater). Federal regulations that limit smoking to cigarettes and only in the last three rows are often unobserved. The bus will have a toilet, but frequently without water or towels and reeking of a disinfectant called Pot Shot. Big-city bus stations, although often in rundown neighborhoods, tend to be more pleasant than they were a few years ago.

How do you eat and spend the night?

Sometimes with difficulty. Bus depots are not necessarily close to restaurants or accommodations (especially modestly priced places). Unless you determine in advance that your needs can be met where you plan to stop for the day, you are taking a risk. ■

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Roger Collis is on vacation. His column will resume Sept. 19.

Veneto Villas: 'Utility and Consolation'

by Kate Singleton

Zelotti fresco in Palladio's Villa Emo, near Fanzolo.

CASTELFRANCO VENETO, Italy — In the early 15th century, when Venice was at the peak of its maritime power, the city's merchants and noblemen began to invest some of the profits from their trade with the East into land reclamation in the immediate hinterland areas. Coordinated agricultural activities prospered around the noble country house, and by the beginning of the 16th century the Venetian villa had adopted many of the features typical of the style in Venice itself: the frescoed façade, the large central salon around which the house gravitated, the walls decorated with frescoes, the ceilings with close-set beams that were also painted, the facilities for receiving and entertaining guests. This tradition culminated in the works of Andrea Palladio (1508-1590), the most ingenious representative of classicism in architecture.

Palladio, in his "Four Books of Architecture," has something to say about living in villas that is as applicable today as it was in his times: A gentleman "will find much utility and consolation in villa life, where time will be spent overseeing and decorating his possessions, where improvements will be made with industry and the art of agriculture, where exercise on foot and horseback around the villa will keep the body fit and healthy, and where the mind fatigued by city life will be restored and consoled in a quiet atmosphere that befits the study of letters and contemplation."

Those in search of "utility and consolation" would be advised to opt for something a little more recondite and a little less touristy than the intrinsically splendid villas along the Brenta. A good base would be the small, attractive fortified town of Castelfranco Veneto in the province of Treviso. Castelfranco is worth more than a cursory visit. The cathedral houses Giorgione's "Madonna and Child With Saints Francis and Liberale," and in the nearby Casa del Giorgione is a major frieze by the artist, who was born in Castelfranco.

The Teatro Accademico, designed by Francesco Maria Preti in the mid-1700s, will give you an idea of what a thriving intellectual center Castelfranco was during the Enlightenment. The Hotel Roma (tel. 495041) is comfortable though not particularly memorable. For an unforgettable meal, go to Da Barbesin (tel. 490446, closed Wednesdays and Thursdays), where the menu is based on the area's celebrated *radicchio* (a sort of cookable red lettuce), artichokes, asparagus and *funghi* (a diabolical looking species of wild mushrooms).

THE real delight of Castelfranco Veneto, though, is that within a radius of less than 10 miles of beautiful countryside, you can visit a number of villas and their gardens, which will tell you a great deal about country living and country entertainment in this part of Italy from the mid-16th to the mid-19th century.

Suitable theatrical and musical entertainments had to be devised to keep the assembled company occupied. These sometimes took place in a large hall or salon, but more often in the garden. According to the aristocratic family's financial resources, the shows could be professional entertainments or put on by local amateurs and the sets might vary from makeshift scenery or permanent structures built into the garden.

At Villa Barbaro.

About two miles (three kilometers) from Castelfranco in the village Sant' Andrea oltre il Muson is a charming late-16th-century Villa Cornaro ora Chiminelli, which you can visit on Fridays, Saturdays and Sundays when the owners are home. The house, which is not very big, looks out across a formal but intimately small garden toward the gate beyond and an avenue of trees with farmland on either side. The villa's façade is frescoed, as is the loggia behind the three arches to which the garden steps lead. In the early 1600s an audience in the garden would have watched entertainments taking place under the loggia. The frescoes would become part of the scene and, since they depict landscapes, act as a sort of reflection of the garden.

About two miles from Castelfranco in the opposite direction, just beyond Fanzolo, is Villa Emo, one of Palladio's masterpieces in villa architecture. It was built around 1560 and is one of his few completed designs. A ramp rather than steps leads gently up to the majestic residential body of the building; on either side the long rectilinear *barchesse* (outbuildings), with their porticoed fronts, harmonize with the flat lie of the surrounding land. Inside are well-preserved frescoes by Giovan Battista Zelotti whose splendor belies the sobriety of the exterior. Villa Emo is open Saturdays, Sundays and national holidays in the summer through September, 3-6 P.M., and, from October, 2-5 P.M.

Cavasagra di Vedelago is a mile or so beyond Fanzolo. Here you will find Villa Corner della Regina, designed by Francesco Maria Preti and Giovanni Miazzi in the 18th century to enlarge a previously existing building that you can still detect from the back. Villa Corner has a fine garden, some of it in the formal Italian style, embellished with groups of statues. You don't have to wait until the weekend to see it: The whole place has been turned into a luxury restaurant and hotel, with tennis courts, swimming pool, sauna, hydromassage — in short, everything that "consolation" requires. The restaurant (closed Tuesdays) provides excellent meals in the local tradition (*pasta e fagioli* — a thick, tasty bean and pasta soup — snails, tripe, dishes with *radicchio*, and so on) as well as international cuisine, at about 70,000 lire ($50) for two. The hotel suites cost 200,000 to 250,000 lire a night (tel. 481481).

Toward the end of the 1700s, the English school of landscape gardening began to influence garden design in Treviso. The main exponent of what was called "*il giardino romantico*" was Francesco Bagnara, a renowned stage designer. Some of Bagnara's finest gardens, now publicly owned, have been allowed to get a bit dilapidated, but the gardens of Palazzo Revedin Bolasco at Castelfranco are still worth seeing. They are open Tuesdays, Saturdays and the first Sunday of each month, 3:30-6:30 P.M. May through September and 2-5 P.M. October through April.

If you do not want to go back into Castelfranco, however, continue toward Venice (there are many splendid villas on the Terraglio road) until you come to Mogliano Veneto, where you turn for Zerman. Here you will find Villa Condulmer, which has been turned into a hotel. Its gardens are also in the informal, "romantic" style, with graceful fake ruins placed to "improve" the basic landscape (which now includes an 18-hole golf course, tennis courts, a pool and stables). The 18th-century villa once belonged to the superintendent of the Teatro La Fenice in Venice, and Guiseppe Verdi is said to have finished composing "La Traviata" as a guest here. Rooms cost 50,000 to 115,000 lire (tel. 457100).

About seven miles northwest of Castelfranco, on the way to Maser, just before Asolo, keep your eyes skinned for Altivole and follow signs down a track to the Barco della Regina Cornaro, the frescoed outbuildings of a splendid building erected in 1491 for Caterina Cornaro, former queen of Cyprus. A small church also remains from the original complex.

At Maser is Palladio's breathtaking Villa Barbaro, one of the high points in the art of the 16th century. It is less austere than Villa Emo, with a long alley leading to the main residence, which is on the same level as the *barchesse* on both sides. The dovecotes on each end of the *barchesse* are a familiar feature, but here they have been disguised behind a huge sundial on the one side and a zodiac circle on the other. The relationship between villa, garden and surrounding countryside is remarkably harmonious. Inside the villa there are frescoes by Paolo Veronese. Open Tuesdays, Saturdays and Sundays, 3-6 P.M. April through September, 2-5 P.M., October through March.

As a last, fitting indulgence for eye and palate, continue from Maser to Asolo and stay at Villa Cipriani, and dine in the gardens overlooking the countryside. The hotel is in a 16th-century villa that still has something private and homey about it. Rooms cost 150,000 to 240,000 lire a night (tel. 55444). ■

Kate Singleton is a Milan-based journalist who writes frequently on cultural affairs.

HOLIDAYS & TRAVEL

SHOPPING

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RESTAURANTS

Rome's Love of Eating, With Experimental Twist

by Sari Gilbert

ROME — Ever since ancient times, Romans have been known for their love of eating and, not surprisingly, the list of illustrious Romans that has been passed on to our era includes one Lucius Licinius Lucullus (117-56 B.C.), who appears to have dedicated much of his retirement from prestigious military and administrative posts to wining and dining his friends on a grand (hence Lucullan) scale.

Lucullus seems to have been outdone only by Trimalchio, the character in Petronius Arbiter's first-century romance, the Satyricon, who gave an extravagant dinner at which guests dined on an ox stuffed with wild boar that had been stuffed with goat, which in turn was stuffed with live birds.

In recent decades, abundance has dominated many a Roman meal, particularly those in restaurants. Despite poetic license, the outdoor *trattoria* lunch scene depicted in Federico Fellini's "Roma" was not all that different from the traditional huge *mangiata* (literally, "an eat") that many Romans still look forward to on Sunday outings or on long evenings in their favorite *trattoria*.

Traditionally, hearty Roman cooking makes ample use of the fresh ingredients that play a major role in any good cuisine. But the emphasis on quantity — and on traditional dishes — has often been at the expense of subtlety and experimentation. These days it is Milan — and northern Italy in general — rather than Rome that is considered the country's gastronomic capital.

Recently, however, an experimental trend in both cooking and ambience has surfaced in Rome, and several new restaurants offering different types of dining experiences have emerged.

Among those worth trying is Le Jardin, at the Lord Byron Hotel in the residential Parioli district, about a 15-minute cab ride from the Spanish Steps. With two Michelin stars, Le Jardin heads the Rome restaurant list in terms of international acclaim.

Le Jardin's chef, Antonio Sciullo, a 27-year-old Abruzzese, makes a point of demonstrating how Rome's traditional ingredients can be brought to higher culinary heights. For example, he uses the adored artichoke — which is generally served whole in the Roman or Judean styles — in appetizer molds or mousses, in a salad with nuts or in a risotto lightly flavored with mint. Another Roman favorite is brains, which Romans adore fried with artichokes or zucchini; Sciullo often serves them on a bed of spinach with a truffle sauce, or in a light string-bean salad.

Le Jardin's cuisine is somewhat *nouvelle* but its Italian origins are never forgotten. Thus zucchini flowers are stuffed with a mousse of ricotta cheese flavored with fresh basil, a spiral of lightly poached salmon is served with spinach garnished with tomato and anchovy, and succulent crepes are stuffed with *porcini* mushrooms.

Also on the menu at a recent dinner were other dishes rarely found in Rome, such as duck with kumquats and a tender beef fillet served with foie gras. Desserts included a wedge of white-chocolate ice cream bathed in wild strawberry sauce, a lemon soufflé cake with chocolate sauce, and the grand dessert, a collection of fruits and multicolored ice cream that makes the average banana split pale by comparison.

Although windowless, Le Jardin's dining room is light and airy, with white garden-style tables decorated with flowers and reflected light from mirrors and polished marble surfaces. The service is discreet and highly professional.

A few years ago, Alberto Ciarla was a small, out-of-the-way Trastevere fish restaurant that had little to recommend it. Now it is considered one of the city's best, even if the black walls and spotlighting over the tables can be discomfiting.

From its oyster plates onward — the raw shellfish includes Italian offerings such as sea truffles (*tartuffi*) and cockles (*fasolari*) — it is clear that fish is the thing here. Antipasti include sea bass and lobster bisque, and there are pastas such as *bavettine* with tuna and *penne* with *bottarga* (pressed tuna roe). Among the main courses are offerings such as fillet of bass with capers and almonds, *cassoulet Saint-Jacques* and salmon with ginger.

Alberto Ciarla offers several menus at varying prices, from the less expensive raw fish *cucina al crudo* to the more elaborate *grande cuisine*. A la carte, a full meal tends to range from 80,000 lire ($57) up. The waiters are young but highly solicitous.

After several years of working at La Rosetta, a popular Sicilian seafood restaurant, Alberto Quinzi and Enrico Gabrieli decided to go into business for themselves. The result is the delightful Quinzi e Gabrieli, run by these two young Abruzzesi men with brio and charm.

At the outset, this small restaurant a few blocks from the Pantheon was a one-room oyster bar, the first of its kind in Rome, where the "in" crowd could sup lightly on shellfish served with sparkling white wine. Soon there was a second room like the first — charmingly decorated by Stefano Castelli, a young Roman architect — and full-course meals. A summer terrace has now been added.

Start with oysters, followed by marinated raw salmon, shrimp or sea bass, and move on to pasta with shellfish, be it crab, sea urchin, scampi, lobster or squid ink. One simple main dish is a whole fish roasted in salt. Or try the more elaborate lobster Catalan style with tomato and onion.

Don't ask for the menu. The owners will tell you what is good for that evening, and they can be trusted.

Il Drappo, near Piazza Farnese in the heart of old Rome, is a Sardinian restaurant with a difference. Paolo and Valentina Tolu, the brother and sister team that runs this small successful restaurant, use many typical Sardinian products, such as *malloreddus* and *tallarinus* pastas or *carta da musica*, the paper-thin Sardinian unleavened bread, but work them with pronounced culinary imagination.

A selection of antipasti is followed by first courses, or *primi*, that include a grain soup with potatoes, lima beans and corn, or pasta with lamb. Main dishes vary daily. A recent dinner included turkey with pine nuts and raisins, lamb with fennel seed, veal with tuna roe and squid in Malvasia wine. Desserts include the Sardinian *torta fritta*, a fried dumpling stuffed with soft cheese and covered with honey. The Sardinian wines are excellent.

If you are looking for a quick meal, Il Canto del Riso is not for you; rapid service is not one of its qualities. But once you board this twin-terraced barge anchored on the Tiber River just above the Cavour Bridge, you won't want to eat in a hurry.

The restaurant's speciality is rice; indeed, its name means "The Rice Song" and the menu includes a variety of risottos, such as risotto "sea and mountain style" (with shrimp and *porcini*) or with scallops, with lemon and caviar, with lobster, with creamed scampi and so on. Pasta specialties include *bavettine* "river style" with tuna and *rucola*, spaghetti with clams and *fettuccine* with creamed bell peppers.

Le Jardin, Lord Byron Hotel, Via Giuseppe de Notaris 5, tel. 06-36-09541. Closed Sundays. 80,000 to 100,000 lire a person, including wine.

Albert Ciarla, Piazza S. Cosimato 40, tel 06-581-8668. Evenings only; closed Sundays and August. Outdoor dining in summer.

Quinzi e Gabrieli, Via della Coppelle 5, tel. 06-687-9389. 80,000 lire a person. Evenings only: closed Sundays and in August.

Il Drappo, Vicolo del Malpasso 9, tel. 06-687-7365. 40,000 to 50,000 lire a person. Closed Sundays and part of August.

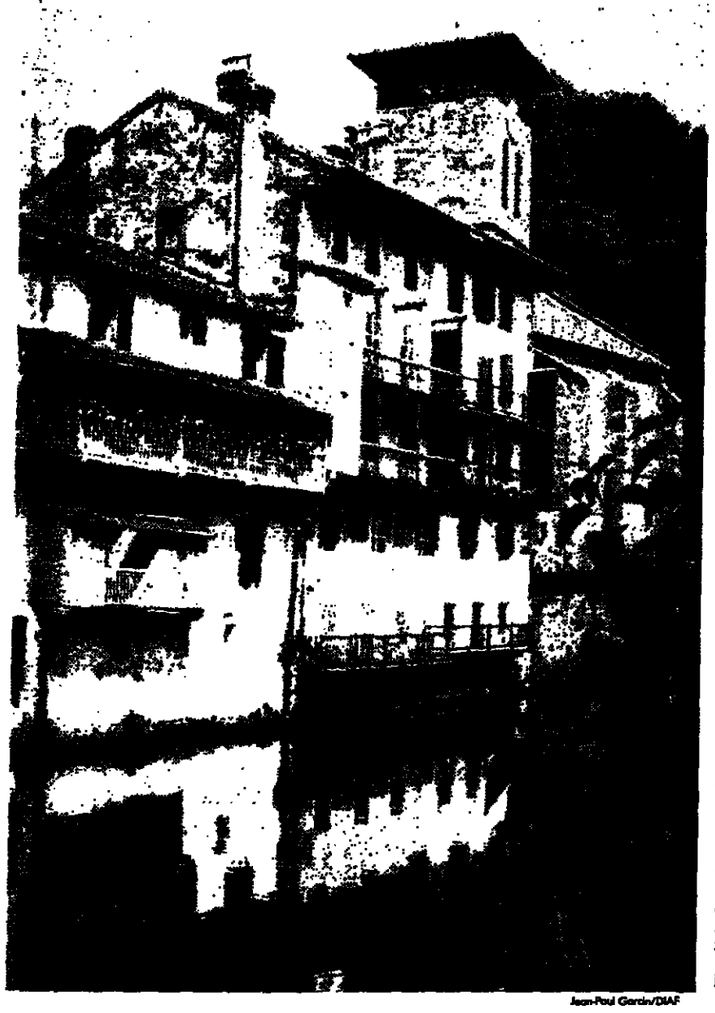
Il Canto del Riso, Lungotevere Mellini 7 (on the embankment), tel. 06-361-0430. From 35,000 a person. Open daily July-September, closed Mondays October-June. ■

Sari Gilbert is a Rome-based journalist who contributes to The Washington Post and the Boston Globe.

Ferdinando Scianna/Magnum

Romans' fondness for food has been known since ancient times.

TRAVEL



Jean-Paul Gardin/DIAF

Enigma of French Basque Country

by Erik de Mauny

BAYONNE, France — Of all the regions of France, few provide such a strange amalgam of the very ancient and the aggressively modern as the Basque country, and none has such an enigmatic past.

The enigma arises from the origins of the Basque people and their language, of which almost nothing is known. The Basques call their homeland *Euzkadi*, and at intervals linguists and philologists from places as remote as Japan and the Georgian Soviet Republic have tried to establish links between Basque and their own languages. But although a few puzzling similarities in vocabulary have been noted, these are too tennous to prove an actual link. The accepted view is that the Basques are the earliest indigenous people of the Pyrénées, having settled there countless centuries before the first waves of Indo-European migration.

There are three Basque provinces on the French side of the Pyrénées — Labourd, Basse Navarre and Soule — and four on the Spanish side, and what they have in common is a fierce sense of national identity, their highly complicated language and a deep attachment to certain customs and pastimes, such as the traditional Basque game of *pelote*, which they have made peculiarly their own.

Bayonne, where I started my peregrination, is not really a Basque town, although it is an important administrative and economic center, and has a handsome Basque museum, clearly illustrating the long heritage of the people, their beliefs and customs, and their handicrafts and decorative arts. In the Musée Bonnat, there is a remarkably fine collection of drawings and paintings. Bayonne also has undeniable charm, with its cathedral, built between the 13th and 19th centuries, soaring above steep, narrow streets, including the arcaded Rue Port Neuf, where there are several elegant *confiseries*, chocolate-making being a local specialty.

In the foothills behind Bayonne, one begins to enter the real Basque country: neat villages of stocky white-walled houses with red-tiled roofs, where in the local cafés visitors are more likely to hear Basque spoken than French. There is also scarcely a village that does not have its own *pelote* court with pale pink front wall, a reminder that *pelote* in its various manifestations — whether played bare-handed or with the *chistera*, the scoop-shaped wicker racket that propels the ball with dazzling velocity against the front wall, or in more recondite forms such as *rebot*, with the opposing teams facing each other — is not so much a sport as a national obsession.

There are, too, reminders of a more martial kind. This was the military highway for invasion and counterinvasion between France and Spain, until in November 1659 the two countries ended their long rivalry by signing the Treaty of the Pyrénées. In June 1660, a dynastic seal was set upon the treaty by the marriage of the 21-year-old Louis XIV of France to the Infanta Marie-Thérèsa of Austria, daughter of Philip IV of Spain. They were married in Saint-Jean-de-Luz, in the church of Saint John the Baptist. It remains a supreme example of Basque ecclesiastical architecture, with its towering wooden galleries for the male congregation, and its superb reredos in the Spanish High Baroque style. Worth visiting, too, is the house where Louis stayed while awaiting his nuptials, the town mansion of a rich shipbuilder called Lohobiague.

Saint-Jean-de-Luz is still a busy fishing port, although less so now than in former centuries, when whalers regularly set off for the far northern seas and even ventured as far as Newfoundland. But the Treaty of the Pyrénées did not prevent Napoleon from occupying Spain 150 years later. And a few miles inland from Bayonne stands a gray granite obelisk commemorating the rearguard battles of the French under Marshal Soult, in the last stages of the Peninsula War, against the victorious advance of Wellington's armies.

Between Bayonne and Saint-Jean-de-Luz lies Biarritz, its fame as a fashionable watering place first established by the Empress Eugénie, whose example was quickly followed by other crowned heads. Today, it swarms with visitors of less exalted status, and the narrow corniche road round the bay offers one of Europe's more spectacular traffic jams.

To find the true flavor of the Basque country, it is best to abandon this vehicular extravaganza and travel inland, taking the winding road up from Bayonne to Saint-Jean-Pied-de-Port, capital of Basse Navarre, and then on to Mauléon-Licharre in Soule.

Saint-Jean-Pied-de-Port is so named because it was the last staging post on the French side for pilgrims making the long trek to Santiago de Compostella, in northwestern Spain. Crowned by a rugged fortress, it is a lively little town where visitors can find sheepskin jerkins and the softest of wool-lined slippers, fine linen tablecloths and napkins, and a variety of delicious *confits*, of goose, duck, pork, and above all, of *palombes*, the gray wood-pigeon netted in the nearby valleys. Mauléon-Licharre, center of the sparsely populated province of Soule, is less picturesque, but there is an attractive river, the swift-flowing Saison, winding through the town, and there are some fine old houses, including the imposing Renaissance Hôtel d'Andurain.

This French side of the Pyrénées has always been a country of shepherds (many of whom emigrated to the middle and western United States in the last century), but also of smugglers and *passeurs*. During World War II, they helped many refugees and Allied soldiers and airmen escape from Occupied France into Spain. But then, the Basques, for all their strong love of home, have also always had an equally strong predilection for far-flung adventure (the first sea captain to *circumnavigate the globe* was a Basque), if not always of a strictly legal nature. In former times, for example, Saint-Jean-de-Luz was not only a major fishing port but a notorious haven for corsairs and freebooters.

In recent years, the Basque country as a whole has been troubled by illegal activities of another kind, in the bombings and assassinations carried out by ETA (the Basque initials for Basque Homeland and Liberty), a separatist guerrilla organization. And the policy adopted by the current French government of expelling suspected members of ETA from French territory has aroused some fears of reprisals and an escalation of violence. But the risks are minimal and the rewards of a leisurely exploration of the French Basque country are considerable. ■

Erik de Mauny is a former BBC correspondent covering France, the Soviet Union and the United States. He now lives in Normandy.

François Lahr/DIAF

François Lahr/DIAF

Pieces of the Basque country puzzle: Above, Saint-Jean-Pied-de-Port, capital of Basse Navarre and the last French staging post for pilgrims to Santiago de Compostella in Spain. Below, one of the region's many seaside towns. Left, sunset behind a church; to find the true flavor of the Basque country it is best to travel inland.

Romancing the Rhine

Continued from page 7

ments about this neighbor of mine, and that I ought to re-educate myself. So I set out to be a tourist on the Rhine. Naturally, one of the first things a tourist does on the Rhine is to take a Rhine cruise. Starting at the wrong end of the river, I clambered one Saturday at 5:30 P.M. aboard the Nederland in Nijmegen, a pleasant ...ich city on the Waal, which is what the ...tch call the lower branch of the Rhine before it dumps into the sea.

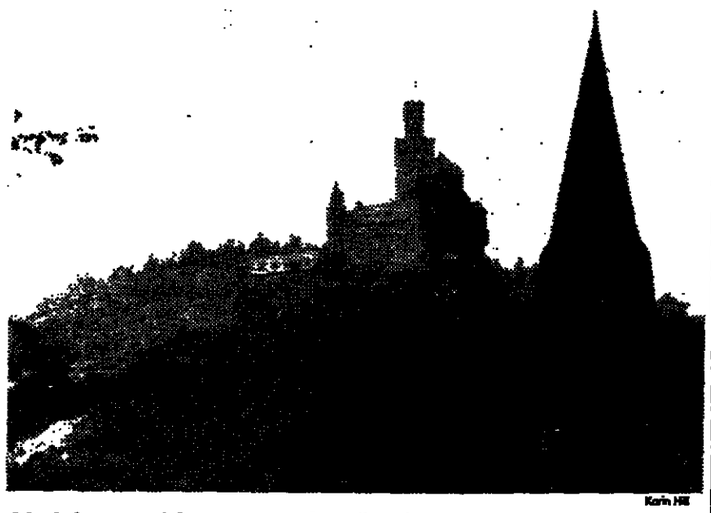
Just as in Arabic there are countless words for describing a camel (a sleeping camel, a thirsty camel, etc.) so the Dutch have concocted a proliferation of terms for the branches of the Rhine — the Nederrijn (Lower Rhine), the Kromme Rijn (Curving Rhine), the Oude Rijn (Old Rhine) and, mysteriously, the Lek.

Cruising on the Rhine was one of the first intimations of what today is called mass tourism. In the early 19th century, the British were the initial large-scale converts to steaming up the Rhine, and were served by the Prussian Rhine Steamship Company, the forerunner of today's highly efficient Koln-Düsseldorfer line.

Sliding out of Nijmegen, where the breeze still has a taste of the sea to it, the Nederland made hardly any noise at all; it was only evident we were moving because Nijmegen was slipping away. I had to repair to my ample cabin on the Lorelei deck — above the lowest deck, called the Rhineland deck, which is a little cramped — to hear the great river slapping softly below.

There's no steam, no fire, no pre-takeoff sensation on the Nederland. Yonder on the grassy banks, brown and white cows grazed in a landscape whose foreground, graced by the occasional windmill, could have been limned by Pieter Brueghel the Elder; the scattering of smokestacks and high-rises in the background owed their inspiration to the Industrial Revolution.

The stretch between Rotterdam and Duisburg, the West German steel city, is the busiest for the hulking barges and tankers that labor up and down the Rhine. There are 12,000 of these water-going industrial monsters; the biggest fleet belongs to the Dutch, followed by the West Germans, the Belgians, the French and the Swiss. While I'm no Rhine romantic, I find the sight of these chugging vessels almost as evocative as the appearance of a felucca's sail on the Nile. My imagination tends to invest Rhine captains with an aura of adventure.



Karin Hill

Marksburg, a 12th-century castle at Braubach.

To get a better grasp on reality, I headed up to the Nederland's pilot deck, and found Gottfried Kaufer, a ruddy white-haired veteran of the river, in conversation with a passing tanker baptized magically the Alchimist Basel. "Three to one for Argentina," crackled a radio voice. They were taking bets on West Germany's chances the following evening in the World Cup soccer final in Mexico. Not a bad guess for the tanker captain — the Argentines won 3-2; not as picturesque as a felucca, either.

On the bank our hushed progress was marked by the passing of large billboards that give the kilometer distance from the Hook of Holland to the bridge over the Rhine at Constance; the tenths of a kilometer are gauged with smaller postings and half kilometers with a black cross that to the ignorant might look like a sign of riverine piety. From where Kaufer sat, the Rhine seemed pretty much under control. On the starboard side, a gray, armed launch of the West German frontier police puttered up to check passports.

One of the features of the Nederland is a small swimming pool on the upper deck and a chess board with large, waist-high pieces. I passed up the pool but was checkmated by a polite teen-ager from Brazil. Later, dinner was a competently served broiled sirloin steak with fried onions.

The best part of the evening was being jiggled to sleep in my cabin by the Nederland as it trembled over the Rhine. I was awakened at 5:40 A.M. by the orange sun rising over a riparian sign telling me that we were 730 kilometers (about 450 miles) from Constance. Church bells were tolling in some distant village. At 9:15 A.M. we docked in Cologne, practically under the beetling shadow of the city's great cathedral. To my genuine regret, my Rhine cruise had come to its punctual end. ■

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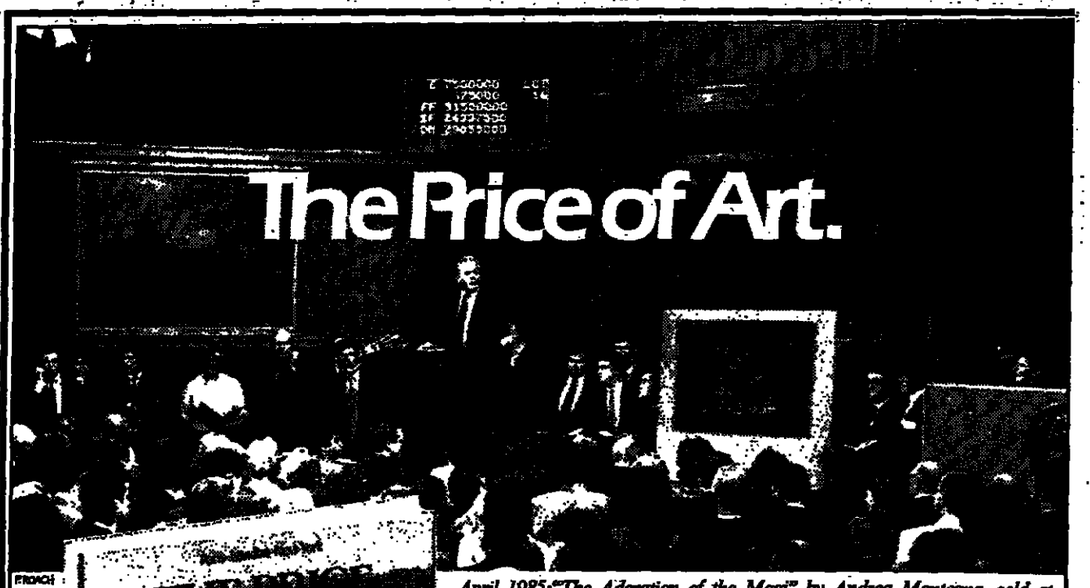
Karin Hill

The Niederwald Monument, erected in the late 19th century.

The New York Times



April 1985: "The Adoration of the Magi" by Andrea Mantegna, sold at Christie's London for 8,100,000 pounds. Photo courtesy Christies's.

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Thursday's NYSE Closing

Via The Associated Press

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
FlaPrg	24343	45½	44⅝	45⅝	—⅛
Safewy	19221	66⅝	66⅛	66½	+⅛
Mobil	16613	36⅝	35⅞	36⅛	—1⅛
MerLyn	15279	38⅝	36¼	38¾	+2¼
AT&T	14606	24⅝	23⅞	24¼	+⅛
NCNB	12837	51¼	50½	51⅛	+¼
NindPS	12583	11¾	11⅝	11⅝	
IBM	12289	140⅝	138½	139¾	—1⅜
Texaco	12067	34	33⅝	33⅝	—⅜
OcciPet	11646	30	29⅝	29⅝	
Exxon	11634	69½	68⅝	69	—⅜
CocaCl s	11523	38⅝	37	37⅛	—1⅛
Weyerh	11395	37½	36⅛	36¼	—1
Chevrn	11106	44½	43⅝	43¾	—1⅛
FedNM	10821	36¼	34¼	36⅛	+⅞

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	91.74	+0.09
Utilities	93.24	+0.08
Industrials	90.24	+0.10

Market Sales

NYSE 4 p.m. volume	125,080,000
NYSE prev. cons. close	170,315,140
Amex 4 p.m. volume	8,780,000
Amex prev. cons. close	10,550,000
OTC 4 p.m. volume	100,497,700
OTC prev. 4 p.m. volume	102,016,000
NYSE volume up	54,172,700
NYSE volume down	57,406,300
Amex volume up	3,836,150
Amex volume down	2,515,030
OTC volume up	40,573,981
OTC volume down	31,269,591

NYSE Diary

	Close	Prev.
Advanced	829	878
Declined	756	729
Unchanged	427	427
Total Issues	2012	2034
New Highs	97	109
New Lows	13	18

NYSE Index

	High	Low	Close	Ch'ge
Composite	145.58	144.99	145.24	—0.17
Industrials	165.19	164.53	164.70	—0.42
Transp.	116.12	115.70	115.80	—0.53
Utilities	80.65	80.40	80.53	+0.04
Finance	158.34	157.33	158.34	+0.93

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Aug. 27	271,863	501,384	4,978
Aug. 26	313,658	520,493	2,974
Aug. 25	212,332	556,977	87,725
Aug. 22	222,923	514,374	29,487
Aug. 21	298,339	524,788	36,377

*Included in the sales figures

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	1896.79	1912.26	1882.73	1898.76	—5.77
Trans	779.75	785.25	772.00	777.38	—4.12
Util	217.61	219.20	215.85	217.45	—0.33
Comp	737.06	742.75	731.02	736.81	—2.49

AMEX Diary

	Close	Prev.
Advanced	285	290
Declined	273	292
Unchanged	260	217
Total Issues	818	799
New Highs	28	23
New Lows	12	8

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	279.17	277.27	278.19	—0.76
Transp.	196.19	194.73	195.12	—0.99
Utilities	123.61	122.90	123.21	—0.08
Finance	30.36	30.02	30.33	+0.22
SP 500	253.67	251.91	252.84	—0.46
SP 100	—	—	237.62	—0.55

NASDAQ Index

	Close	Ch'ge	Week Ago	Year Ago
Composite	382.40	+0.71	381.15	297.31
Industrials	377.16	+0.46	376.96	304.54
Finance	524.31	+0.65	523.99	382.84
Insurance	455.93	+4.99	447.17	347.10
Utilities	354.47	+1.20	347.81	273.95
Banks	443.88	+1.20	436.51	302.53
Transp.	325.83	—2.44	325.92	274.33

NASDAQ Diary

	Close	Prev.
Advanced	1,044	1,052
Declined	1,001	1,018
Unchanged	2,343	n.a.
Total Issues	4,338	n.a.

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
Wthfrd	3862	1⅛	1	1⅛	+
Amdahl	3583	20½	19¾	20½	+
Wickes	3075	5⅛	5	5	—⅛
BAT	3014	6⅛	6⅛	6⅛	
EchoB s	2754	20⅛	19⅝	20	+⅛
Hormel	2751	32	31⅝	32	+⅛
LorTel n	2118	22⅛	22	22⅛	+⅛
ImpOil a	1596	31⅝	31⅛	31⅝	
Dillrd s	1565	35⅝	35	35	—1⅛
WangB	1452	14⅝	14⅛	14⅛	—¼
HmeSh n	1373	133	125½	129	+5¼
AM Intl	1329	6	5⅞	5⅞	—⅛
TIE	1292	5⅜	5⅛	5⅛	—⅛
TexAir	1245	30⅝	29⅝	30⅝	+⅜
OzarkH	1166	18⅝	18⅜	18½	

AMEX Stock Index

High	Low	Close	Ch'ge
273.35	269.76	273.20	+0.20

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Mixed, Oil Stocks Decline

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange were mixed Thursday in moderate trading.

The Dow Jones industrial average closed at 1,900.17, down 4.36 from Wednesday's close. Advances led declines by almost an 8-7 ratio. Volume was 125.1 million shares, down from 143.3 million Wednesday.

Prices were mixed in active trading of American Stock Exchange issues.

"We had a sharp drop in the morning and began creeping back with a few buy programs kicking the Dow into the plus territory," said Hildegard Zagorski of Prudential-Bache Securities. "But the market is still in the process of consolidating recent gains."

She said the bond market "backed off a touch, and that may have led to another round of selling" that brought the Dow below Wednesday's closing level.

"The oil group that provided leadership in the market's upward move got hit this morning with negative sell recommendations from both Merrill and E.F. Hutton," said Trude Latimer of Josephthal & Co. She said the negative reports were based on the belief that oil would not reach the $20-a-barrel level in the immediate future.

"There was some profit-taking and some people followed the [sell] advice," Ms. Latimer said.

In addition, she said, there was some pressure on technology stocks after a Morgan Stanley report that lowered its earnings estimate for International Business Machines.

"I don't think IBM is reacting all that badly because many portfolio managers are not in this week," she said.

"The extent of the rally this week was unexpected and traders considered themselves lucky and are not pressing their luck," Ms. Latimer said.

IBM declined 1⅜ to 139¾. Carol Muratore, a Morgan Stanley analyst, lowered her 1986 earnings estimate to $9.80 a share from $10.10, and the 1987 estimate to $10.85 from $11.75.

Oil stocks were the target of profit-taking after a sharp rise in the previous two sessions. Mobil fell 1⅛ to 36⅛, Exxon ⅜ to 69, Chevron 1⅛ to 43¾ and Texaco ⅜ to 33⅝. Merrill Lynch lowered its intermediate rating on the international oil group.

Brokerage stocks drew much attention. Analysts mentioned takeover rumors on Merrill Lynch, which rose 2¼ to 38¾, but others were skeptical. E.F. Hutton rose 2¾ to 41⅞, First Boston 1½ to 53½ and Salomon ⅞ to 46¾.

Food stocks were mostly higher. Ralston Purina rose 1⅜ to 74⅜. Drexel Burnham Lambert Inc. reiterated a recommendation for Ralston Thursday based on expectations for better earnings, benefits from the proposed U.S. tax bill and Ralston's recent acquisition of Eveready batteries. Drexel said it had high expectations for many of the package-food companies and named Dart & Kraft as a favorite. Dart & Kraft rose 1½ to 62½.

The auto stocks came under pressure after General Motors' announcement that it would cut its financing rate to a record low of 2.9 percent. GM fell 1 to 73.

Scott Merlis of Morgan Stanley cut his earnings estimate for GM to $8.75 to $9.25 a share, from $10.15, for 1986. The company earned $12.28 a share in 1985. *(UPI, Reuters)*

12 Month High	12 Month Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
A										
[illegible]										
B										
[illegible]										
C										
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Herald International Tribune

BUSINESS / FINANCE

...RIDAY, AUGUST 29, 1986

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كوبيا عن الأصل

Dow Falls 4.36; Story on Page 10

4 P.M. PRICES DOWN

TECHNOLOGY

...ransforming 3-D Movies ...or the Videocassette Set

By CALVIN SIMS
New York Times Service

NEW YORK — Recent developments in 3-D technology have the potential of reviving 3-D movie mania, especially on home television. During the 1950s, theaters were packed with people wearing polarized glass... that enabled them to see movies in three dimensions. The 3-D ...ises made movies such as "B'Wana" and "House of Wax" ...me alive, as spears and chairs seemed to fly off the screen and ...o the audience.

But after an initial success, the 3-D effect lost its novelty. The ...arket also became saturated with low-budget movies, and ...ojection at local theaters varied in technical quality.

Today, while the industry remains fairly small and specialized, ...number of companies have ...vised new methods of pro...ting and viewing 3-D im...es on television, a feat that ...gineers have been trying to ...rfect for years.

> "The only limitation with 3-D in the past has been doing it well."

Conventional 3-D images ...e produced by taking two ...tures of the same scene ...om two viewpoints and su...rimposing them on a screen. To pick up the 3-D effect, ...oviegoers wear special glasses made of a polarizing material ...at separates the images.

The glasses bring one picture to the left eye and one to the ...ght, and the brain combines both pictures, just as it normally ...es with images from the left and right eye. The combined ...cture appears to be three-dimensional — offering the scene's ...pth, as well as its height and breadth.

In the past, blue and red filtering glasses (some were green and ...d) were used to view such 3-D television movies as "Creature ...rom the Black Lagoon." These glasses contained a lot of ...rosstalk" — the leaking of one view into the other — which ...ins the effect. In addition, the glasses eliminated most of the ...ovie's color and gave objects outside of the screen a vibrating ...pearance.

One little-known company, TVLI, a video-technology concern ... Lindenhurst, New York, has designed a 3-D system called ...avision that allows the viewer to watch 3-D videocassettes ...ithout losing color or the 3-D effect. Its system is known as ...ver and under."

A N OVER-and-under system works in print or television by presenting two images, one above the other. To see the images in 3-D, the viewer uses clear glasses containing ...isms. The prisms deflect one or both eyes in such a way that the ...ft eye sees one picture, usually the top, and the right eye sees the ...ottom.

In this system, there are two ways to make 3-D video. The first ...es an optical box that is placed in front of the video camera. ...s box splits the picture into two frames that are relayed into ...e camera. In the second method, two matched television cam...ras are arranged to capture the image from the left and right ...iewpoint. These two views are combined, one on top of the ...ther, during editing. Any 3-D movie that was shot on film can be ...onverted to video, as long as it was filmed from two camera ...gles.

John Brumage, TVLI's president, said that Leavision glasses ...ould sell initially for around $3 and could be rented from video ...ores. He said he expected to have a system and glasses on the ...arket this fall.

David Hutchison, science editor of Starlog, a science fiction ...edia magazine, said that because of its depth, perception, color ...d broadcast compatibility, Leavision was one of the best home ...D systems to be developed in some time.

But will 3-D really have a place in the home television market? ...ne television executive who asked not to be identified seems to ...ink it will, especially since 3-D movies are occasionally broad...ast on syndicated channels. "Television producers are always ...pen to anything that can be done well," he said. "The only

See 3-D, Page 13

Currency Rates

...ss Rates Aug. 28

	$	£	D.M.	F.F.	H.L.	Gldr.	B.F.	S.F.	Yen
...sterdam	2.288	3.426	112.865*	34.43*	0.1636*	—	5.451*	148.10*	148.88y*
...ssels(a)	42.365	62.815	20.709	6.318	3.0008*	18.3515	—	25.70	27.225*
...ankfurt	2.0469	3.036	—	30.52*	1.4495x	88.905*	4.83*	124.10*	1.32*
...don (b)	1.4815	—	3.0328	9.9375	2,094.00	3.4195	62.76	2.4455	220.74
...an	1,412.00	2,094.00	690.25	210.62	—	611.49	33.34	856.50	9.107
...York(c)	—	0.6771#	2.0525	6.72	1,417.00	2.3155	42.455	1.655	154.10
...is	6.7025	9.945	3.2777	—	4.749x	2.9049	15.828*	4.067	4.3185*
...yo	154.90	229.79	75.65	23.10	10.99*	67.03	365.50*	94.08	—
...ich	1.6493	2.4447	80.545*	24.605*	0.1148*	71.305*	3.888*	—	1.0591*
...CU	1.0257	0.6919	2.1003	6.8822	1,449.76	2.3784	43.4882	1.6913	159.286
...DR	1.20939	0.8155	N.Q.	8.10594	1,713.91	2.7913	51.2358	1.9937	187.274

...sings in London and Zurich, fixings in other European centers. New York rates at 4 P.M. ...Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one ...ar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. ...To buy one pound: $U.S.1.47

...her Dollar Values

...ncy	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
...n. austral	1.007	Fin. markka	4.8975	Mex. peso	705.00	Soviet ruble	0.6785
...ral. $	1.4439	Greek drac.	134.32	Norw. krone	7.308	Span. peseta	132.30
...r. schil.	14.41	Hong Kong $	7.8045	Phil. peso	20.25	Swed. krona	6.9025
...lg. fin. fr.	42.57	Indian rupee	12.56	Port. escudo	145.00	Taiwan $	34.98
...zil cruz.	13.77	Indo. rupiah	1,131.00	Saudi riyal	3.7505	Thai baht	26.075
...nadian $	1.3906	Irish £	0.7421	Sing. $	2.1605	Turkish lira	673.50
...nese yuan	3.7036	Israeli shek.	1.4765	S. Afr. rand	2.6123	UAE dirham	3.673
...nish krone	7.724	Kuwaiti dinar	0.2923	S. Kor. won	878.50	Venez. boliv.	19.72
...pt. pound	1.35	Malay. ring.	2.6045				

...erling: 1.1058 Irish £

...rces: Banque du Benelux (Brussels); Banco Commerciale Italiana (Milan); Banque Na...ionale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); ...bank (ruble). Other data from Reuters and AP.

Interest Rates

...rocurrency Deposits Aug. 28

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
...onth	5¾-5⅞	4 ⅝-4 ¾	4-4⅛	10-10 ⅛	7⅛-7¼	7¼-7⅜	5 ¾
...onths	5 13/16-5 15/16	4½-4⅝	4-4⅛	9⅞-10	7⅛-7¼	7 3/16-7 5/16	5¾
...onths	5¾-5⅞	4 9/16-4 11/16	4⅛-4¼	9¾-9⅞	7⅛-7¼	7⅛-7¼	5¾
...onths	5 13/16-5 15/16	4 9/16-4 11/16	4 1/16-4 3/16	9 11/16-9 13/16	7¼-7⅜	6 15/16-7 1/16	5 ⅝
...ar	5 13/16-5 15/16	4 ⅝-4 ¾	4-4⅛	9 11/16-9 13/16	7⅜-7½	6 13/16-6 15/16	5¾

...rces: Morgan Guaranty (dollar, DM, SF, Pound, FF); Lloyds Bank (ECU); Reuters (SDR). Rates applicable to interbank deposits of $1 million minimum (or equivalent).

...ey Money Rates Aug. 28

	Close	Prev.
...ted States		
...count Rate	5½	5½
...me Rate	7½	7½
...ker Loan Rate	6¾-7	6¾-7
...eral Funds	5 13/16	5¾
...Paper 30-179 days	5.48	5.51
...onth Treasury Bills	5.28	5.30
...onth Treasury Bills	5.38	5.33
...onth CD's	5.30	5.25
...onth CD's	5.30	5.25
...st Germany		
...bard Rate	5.50	5.50
...ernight Rate	4.55	4.45
...onth Interbank	4.60	4.60
...onth Interbank	4.55	4.55
...onth Interbank	4.55	4.55
...nce		
...ervention Rate	7	7
...ll Money	7	7
...onth Interbank	7	7
...onth Interbank	7	7
...onth Interbank	7	7
...tain		
...nk Base Rate	10	10
...ll Money	10¼	10½
...day Treasury Bill	9 5/16	9 5/16
...onth Interbank	9 7/16	9 25/64
...pan		
...scount Rate	3½	3½
...ll Money	4⅝	4½
...onth Interbank	4¾	4¾

...rces: Reuters, Commerzbank, Credit ...onnais, Bank of Tokyo.

Asian Dollar Deposits Aug. 28

1 month	5 ¾-5 ⅞
2 months	n.a.-n.a.
3 months	5 ¾-5 ⅞
6 months	5 ¾-5 ⅞
1 year	5 ¾-5 ⅞

Source: Reuters.

U.S. Money Market Funds Aug. 28

Merrill Lynch Ready Assets
30 day average yield: 6.49
Telerate Interest Rate Index: 5.581

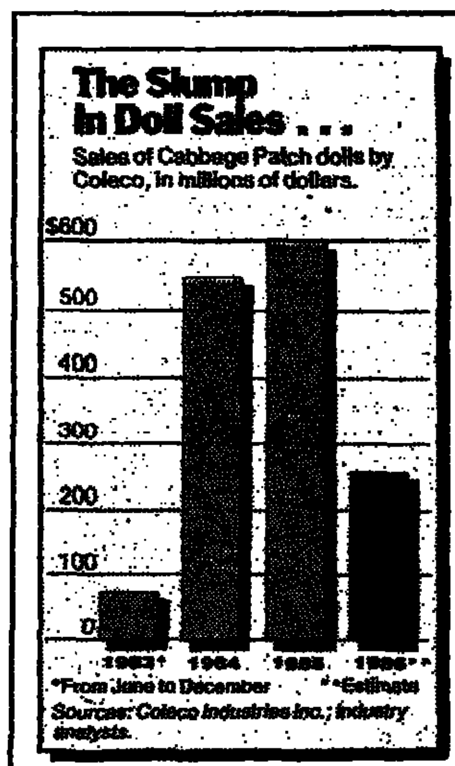
Source: Merrill Lynch, Telerate.

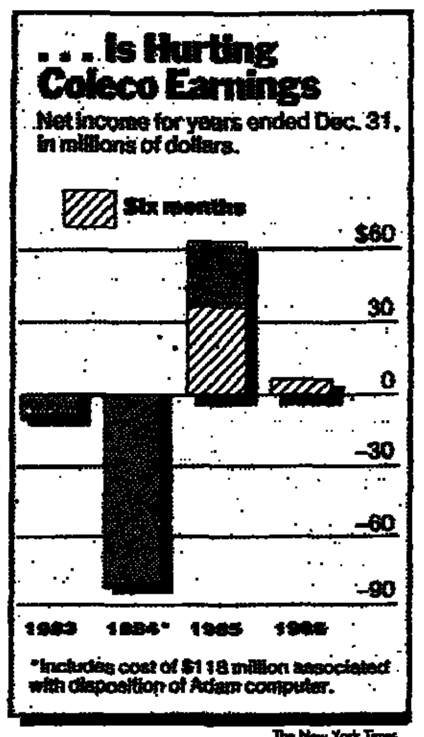
Gold

Aug. 28

	A.M.	P.M.	Ch'ge
Hong Kong	380.85	383.00	+4.45
Luxembourg	382.85	—	+4.20
Paris (12.5 kilo)	384.84	384.69	+5.95
Zurich	380.85	386.25	+6.00
London	384.00	386.70	+6.80
New York	—	386.50	+5.65

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.





The New York Times

Coleco Sets Its Sights Beyond the Cabbage Patch

By John Crudele
New York Times Service

NEW YORK — Coleco Industries Inc.'s new Manhattan showroom is like a fantasy world populated by Wrinkles puppies, toy Rambos and those fabulously successful Cabbage Patch Kids.

A fantasy-come-true is precisely what Coleco has been living through the last three years, as the Cabbage Patch dolls and accessories produced a staggering $1.2 billion in revenues. Now, however, reality is setting in as demand for the dolls finally cools off.

Coleco, based in West Hartford, Connecticut, will probably sell only $250 million worth of Cabbage Patch items this year, less than half the $600 million sold in 1985. And while sales of a quarter-billion dollars for any toy are still more than acceptable, the decline is leaving a gaping hole in Coleco's financial results, since sales last year only totaled $776 million.

The consensus on Wall Street is that Coleco will show minimal profits, if any, this year, after earning $64 million in 1985. Development costs for new products and a rebate program to prop up the Cabbage Patch line will probably result in a second-half loss, analysts say, offsetting the $6.8-million profit of the first half. Fourteen percent of the company's Hartford employees have already been laid off.

Yet the company's past ability to offset disasters, such as its Adam computer, with overwhelming successes, such as its Cabbage Patch Kids, has created a mystique about its skill in weathering hard times.

"There are some exceedingly clever and resourceful people at Coleco," said Harry E. Wells, who tracks the company for Adams, Harkness & Hill Inc. "What the hot product will be next year at Coleco, I don't know. But you can bet that Coleco will have one."

Coleco's next generation of toys includes Rambo action figures, based on the popular Sylvester Stallone movies; Furskins, bear-like stuffed dolls developed by Xavier Roberts, the Cabbage Patch creator; Wrinkles, a Shar-Pei-like dog with oversized skin; and Alf, which Coleco will only say stands for "alien life form."

One big seller could be an electronic version of Wrinkles, which reportedly is being ordered heavily by Toys R Us, the big American toy chain.

Ironically, Coleco became tied to Cabbage Patch's fortunes while it was in the middle of a campaign to make itself less reliant on any one product.

"We made a decision in the very early 1980s," said Arnold C. Greenberg, Coleco's chairman and chief executive officer. "We said to ourselves, we don't want to be all in one thing. We want to balance our product line."

But the cash generated by the Cabbage Patch dolls also permitted the company to diversify, both through acquisitions and the development of new products, analysts say.

Coleco recently purchased Selchow & Righter, the maker of such popular board games as Scrabble, Parcheesi and Trivial Pursuit. The Wrinkles puppy line came via the recent acquisition of Leisure Dynamics Inc. And sources close to the company say Coleco is in talks for another major acquisition in the toy business that will expand its reach into foreign markets.

Mr. Greenberg, 53, and the president, J. Brian Clarke, 46, want Coleco to become a company with predictable sources of earnings. They hope Cabbage Patch will attain the longevity of Mattel's Barbie doll, a favorite of children for more than two decades, and they want other toys that will sell consistently year-in and year-out like Coleco's standby plastic wading pools and tricycles.

Founded by the Greenberg family in 1932 as a leathercraft company, Coleco has evolved into one of the nation's best-known toy makers. But in so doing, it has often stumbled, sometimes badly, as with the ill-fated Adam personal computer and the faddish video games of the last decade.

"Coleco is like a cat with nine lives," said Mr. Wells of Adams, Harkness. He said about a third of those lives have been used up.

Many experts originally hailed the Adam as the forerunner of a computer-in-every-home trend. Instead, Coleco took longer than expected to develop the Adam, and missed the crucial 1983 Christmas selling season. And then the personal computer industry ran aground as consumers failed to be convinced that they needed the machines in their homes.

"Adam was an extraordinary opportunity; we all believe the product was right," Mr. Greenberg says even today. "It could have happened, and had it happened on time it could have changed the home computer in-

See COLECO, Page 15

U.S. Indicators Increased by 1.1% in July

The Associated Press

WASHINGTON — The government's main gauge of future economic health rose a strong 1.1 percent in July after two months of decline, the Commerce Department said Thursday, providing what one analyst called "good but not great" news for the sluggish U.S. economy.

The gain in the forward-pointing Index of Leading Indicators was bigger than most private economists had expected.

But the report also revised June's index sharply downward — from a 0.3-percent increase to a 0.4-percent decline — perhaps making the July increase look misleadingly large by comparison.

"It's good but not great," said David Wyss, chief financial economist for Data Resources Inc. in Lexington, Massachusetts. "The downward revision of June just about offsets the big jump in July."

Lawrence Chimerine, president of Chase Econometrics, also saw little reason for cheering.

"This is consistent with the general pattern we have been seeing," he said. "The economy isn't getting any worse. It is growing very slowly and there is no evidence that this pattern is changing.

"We would need several more months of significant increases and more widespread gains in the components to indicate the economy was accelerating," he added.

But the White House spokesman, Larry Speakes, offered a more upbeat assessment. "These new figures give us reason to believe that our optimism for stronger economic growth in the second half of the year is warranted," he said.

Private analysts have no doubt the U.S. economy is growing more rapidly in the current July-September quarter than the barely visible 0.6-percent annual rate of the April-June quarter.

However, most are predicting growth the rest of this year and in early 1987 at about a 2.5 percent to 3 percent rate — roughly the same as the modest pace of the past two years.

The leading indicators, a compilation of 11 figures from various areas of the economy, was given its biggest boost in July by substantial increases in the money supply and in the rate of new business formation.

Other positive indicators included slower business deliveries and higher raw-materials prices — both indicative of a business pickup — an increase in contracts and orders for new plant and equipment, a rise in outstanding credit and a decrease in initial unemployment claims.

Negative indicators included declines in stock prices, building permits and new orders for consumer goods and materials, while there was no change in the average work week.

Surplus Widens On West German Current Account

Reuters

WIESBADEN, West Germany — West Germany's current-account surplus widened in July to a provisional 5.8 billion Deutsche marks ($2.8 billion) from 4.3 billion DM in June, a spokesman for the Federal Statistics Office said Thursday.

The June surplus in the current account, which includes trade in merchandise and services and fees, had been revised from an estimate of 4.2 billion DM.

The statistics office also reported that the July merchandise trade surplus was a record 10.9 billion DM, compared with 9.9 billion DM in June. The previous record, registered in April, was 10 billion DM.

In July last year, the current-account surplus was 3.2 billion DM and the trade surplus was 6.8 billion.

Imports in July were 34.53 billion DM, compared with exports of 45.42 billion DM. Imports rose 0.2 percent from June and exports rose 2.3 percent.

Frontier Delays Filing After UAL Scraps Pact

New York Times Service

NEW YORK — Frontier Airlines continued on Thursday to delay a filing for bankruptcy protection after United Airlines announced that it would not resurrect its agreement to buy the financially troubled carrier.

United's decision, announced Wednesday, made it even more likely that Frontier would file for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code. Frontier's parent, People Express Inc., has delayed filing day by day as it tries to find a new buyer for the Denver-based carrier.

Wednesday morning, a People spokesman announced that the filing under Chapter 11 of the U.S. Bankruptcy Code would take place by the end of the day. Later Wednesday, People Express said the filing was being delayed.

A possible solution emerged. A New Orleans investment consulting firm said it had told People Express that a trust was interested in buying Frontier for $150 million but that the trust needed time to bring together investors.

Ellis Haughten, president of Gerred's Enterprises in New Orleans, said he had contacted a financial adviser from People Express with the purchase offer. Mr. Haughten would not identify the investors except to say that "they are people associated with a major trust."

United had agreed to buy Frontier for $146 million last month, contingent on reaching agreement with Frontier's five labor unions, but it said Wednesday that "the airline we attempted to purchase does not exist anymore."

"We believe it is impossible to resurrect this deal after the damage done by these delays and the results of the closure of Frontier Airlines," United said.

Frontier suspended operations on Sunday, inconveniencing tens of thousands of travelers and making it uncertain whether travel agents would book passengers on the airline if it tried to resume operations.

United and People tried to restructure their agreement, but United said that People's suggestions, by including liabilities that "had the potential of increasing the purchase prices beyond the $146-million agreement," had made the sale even less attractive to United.

Problems in U.S. Air Industry Renew Deregulation Debate

By Robert D. Hershey Jr.
New York Times Service

WASHINGTON — Mounting distress in the airline business, illustrated this week by the shutdown and threatened bankruptcy filing of Frontier Airlines, has revived debate about the wisdom of what was once regarded as the very model of successful deregulation of a major U.S. industry.

Although most analysts still said that the 1978 legislation abolishing 40 years of tight federal control over fares and routes was sound public policy, even some of deregulation's most ardent supporters have begun to worry that a wave of mergers could result in cartel-like conditions, not unlike those that deregulation was intended to supplant.

There are signs, said Alfred E. Kahn, the man who as head of the Civil Aeronautics Board was deregulation's leading architect, that the industry may be headed toward "an uncomfortably tight oligopoly."

To avoid this, Mr. Kahn said, antitrust enforcement efforts must be stepped up by the Reagan administration, which he said has been much too willing to approve airline combinations.

This view is shared by Representative Norman Y. Mineta, a California Democrat and chairman of a House subcommittee on aviation. Mergers are being reviewed by the subcommittee "on a case-by-case basis," an aide to Mr. Mineta said.

The Transportation Department itself seemed to reflect this concern in its decision Tuesday denying approval of the present form of a proposal by Texas Air Corp. to acquire ailing Eastern Air Lines.

After the abolition of the CAB, and its function of deciding which lines served which cities and what prices would be charged, even deregulation's proponents were surprised by the frenzy of competition that resulted. More than two dozen airlines were created from scratch, many new ticket options were offered for travelers and fares tumbled. In the past 10 years, the cost of the average air ticket has fallen about 20 percent, adjusted for inflation.

But this process has also had effects that many believe have harmed travelers. Various low-traffic cities have suffered some form of service reduction — usually because a switch to smaller planes has reduced the number of available seats — and routing for many travelers has become less convenient

See DEREGULATION, Page 15

For the man with exceptional goals

ASSET MANAGEMENT IN SWITZERLAND

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TDB, the 6th largest commercial bank in Switzerland, is an affiliate of American Express Company, which has assets of more than US$70 billion and shareholders' equity in excess of US$5 billion.

The Trade Development Bank head office in Geneva, at 96-98, rue du Rhône.

Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
11½	7	Orion pf	.50	5.1		20	9⅞	9⅝	9¾	
38½	20½	OutbdM	.64	2.3	18	485	28¼	27⅝	27½	—1⅛
36	16	OvrnT s	.48	1.5	20	449	33¼	32⅝	32⅝	— ¼
30¼	13	OvShip	.50	2.0	19	140	24⅞	24⅝	24⅝	
82½	32¾	OwenC	1.40	1.7	17	2042	80⅞	80	80¾	+ ⅝
45⅜	22¾	Ownill s	.95	2.2	15	1937	44	42⅜	42¾	—1¼
18¼	11⅝	Oxford	.46	2.9	17	59	15⅞	15⅝	15⅝	— ⅛

U.S. Futures

Via The Associated Press

Aug. 28

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
2.99	2.39	Sep	2.50	2.55	2.49¾	2.54	+.05¼
3.09	2.44	Dec	2.56½	2.59	2.55½	2.57¾	+.01¾
3.08	2.43½	Mar	2.55	2.57½	2.54	2.55¼	+.01
3.00	2.33¼	May	2.45	2.47½	2.44	2.45¾	+.00½
2.50	2.23¼	Jul	2.39½	2.41½	2.38	2.40½	+.00¾
2.42½	2.37½	Sep				2.40½	+.00¾
Est. Sales		Prev. Sales 8,712					
Prev. Day Open Int. 33,538 off 811							
CORN (CBT) 5,000 bu minimum- dollars per bushel							
2.70	1.51½	Sep	1.54	1.56½	1.53¾	1.55	+.00¼
2.35½	1.64	Dec	1.65¾	1.66¼	1.65	1.65¼	—.00½
2.42¼	1.76¼	Mar	1.78½	1.78½	1.76	1.76¼	—.01
2.42	1.82¾	May	1.84¼	1.84¼	1.82¾	1.83	—.01
2.27	1.86½	Jul	1.87¼	1.87¼	1.86½	1.86½	—.00¼
2.01½	1.83	Sep	1.86¾	1.87¼	1.86½	1.86½	—.00¼
1.97	1.83	Dec	1.93½	1.93½	1.92¾	1.93	—.00¼
Est. Sales		Prev. Sales 26,441					
Prev. Day Open Int. 121,153 off 3,159							
SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel							
5.55½	4.67½	Sep	4.75	4.78½	4.73½	4.75¼	+.00¼
5.56½	4.65¼	Nov	4.70¾	4.72½	4.69½	4.69¾	—.01
5.45	4.74	Jan	4.81	4.81¼	4.78¼	4.79	—.01
5.76	4.83½	Mar	4.90½	4.92	4.88¼	4.88¼	—.01
5.74	4.92	May	4.96¼	4.98½	4.95½	4.95¾	—.01¼
5.77½	4.96¼	Jul	5.01½	5.03¼	5.00½	5.00¾	—.00¾
5.40½	4.95½	Aug				4.99½	—.00½
5.02	4.95½	Sep	4.96	4.96	4.96	4.96	+.00½
5.14	4.89½	Nov	4.94½	4.94½	4.93½	4.93½	+.00½
Est. Sales		Prev. Sales 20,168					
Prev. Day Open Int. 61,035 off 61							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
160.50	137.50	Sep	151.00	152.60	150.10	152.10	+.50
162.10	136.00	Oct	147.00	147.70	146.30	147.90	+.60
162.10	136.00	Dec	147.60	148.50	147.20	148.30	+.50
163.10	136.00	Jan	148.70	149.60	148.60	150.70	—.30
163.10	143.00	Mar	151.00	151.40	150.50	152.00	+.50
169.70	143.00	May	152.00	152.50	151.50	153.10	+.40
159.00	146.10	Jul	153.00	153.50	153.00	152.50	+.50
155.50	147.00	Aug	152.90	153.50	152.50	151.50	+.30
151.00	150.00	Sep					
Est. Sales		Prev. Sales 12,794					
Prev. Day Open Int. 46,947 off 539							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
24.05	13.39	Sep	13.90	13.90	13.48	13.51	—.31
22.80	13.51	Oct	13.95	14.00	13.61	13.67	—.24
22.50	14.02	Dec	14.43	14.50	14.18	14.27	—.16
22.35	14.18	Jan	14.65	14.65	14.34	14.38	—.18
20.25	14.45	Mar	14.90	14.90	14.60	14.72	—.13
20.90	14.75	May	15.10	15.10	14.90	14.92	—.14
18.70	15.00	Jul	15.25	15.30	15.10	15.10	—.11
18.40	15.15	Aug	15.25	15.25	15.16	15.16	—.15
16.00	15.15	Sep	15.36	15.36	15.25	15.25	—.15
Est. Sales		Prev. Sales 10,897					
Prev. Day Open Int. 56,954 off 343							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
60.85	49.45	Oct	60.75	61.00	60.17	60.97	+.52
61.75	51.60	Dec	58.90	58.90	58.25	58.87	+.32
60.50	51.70	Feb	57.95	58.00	57.30	57.97	+.27
59.87	53.30	Apr	58.50	58.85	58.20	58.82	+.27
60.00	54.25	Jun	57.90	58.30	57.85	58.30	+.88
57.30	56.50	Aug	56.97	57.00	56.85	57.00	+.05
Est. Sales 17,187 Prev. Sales 19,138							
Prev. Day Open Int. 61,581							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
64.82	52.40	Sep	63.05	63.35	62.97	63.35	+.33
64.60	52.85	Oct	63.80	63.97	63.55	63.82	+.10
65.65	54.15	Nov	64.90	64.95	64.85	64.87	+.05
65.70	56.25	Jan	64.32	64.50	64.05	64.50	+.18
65.55	56.75	Mar	64.15	64.25	63.90	64.25	+.10
64.90	57.00	Apr	63.75	63.95	63.65	63.95	+.10
63.50	61.50	May	63.40	63.40	63.30	63.40	—.10
Est. Sales 1,294 Prev. Sales 1,247							
Prev. Day Open Int. 11,233 off 122							
HOGS (CME) 30,000 lbs.- cents per lb.							
57.90	36.50	Oct	57.30	57.55	54.90	57.35	—.30
55.75	38.37	Dec	55.15	55.48	54.85	55.22	—.30
53.25	40.00	Feb	52.80	52.90	52.40	52.65	—.17
47.45	37.20	Apr	47.45	47.45	47.07	47.37	—.03
48.75	39.00	Jun	48.67	48.72	48.35	48.48	—.10
48.10	40.20	Jul	48.10	48.10	47.75	48.00	—.07
47.00	42.75	Aug	45.65	45.65	45.27	45.57	—.33
42.50	41.20	Oct	42.75	42.75	42.70	42.70	—.20
43.27	43.10	Dec	43.45	43.45	43.45	43.47	
Est. Sales 6,364 Prev. Sales 7,792							
Prev. Day Open Int. 31,783 up 929							
PORK BELLIES (CME) 38,000 lbs.- cents per lb.							
81.85	56.40	Feb	73.60	74.00	73.05	73.82	+.40
80.50	56.30	Mar	72.80	73.10	72.15	72.87	+.27
78.10	58.00	May	72.00	72.10	71.55	72.15	—.05
73.25	59.60	Jul	71.00	71.20	70.50	71.15	—.35
71.40	65.52	Aug	68.00	68.00	68.00	68.20	—.12
Est. Sales		Prev. Sales 4,159					
Prev. Day Open Int. 7,509 up 22							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
282.78	137.50	Sep	202.00	202.00	195.90	198.50	—3.00
287.10	138.00	Dec	204.50	205.70	197.80	202.02	—2.95
290.33	156.75	Mar	201.50	202.50	196.50	200.00	—2.50
291.87	162.25	May	197.10	199.25	194.75	200.00	—.75
266.25	168.00	Jul	197.05	197.50	195.00	198.75	—2.25
255.00	171.50	Sep				195.75	—.75
193.50	180.00	Dec				195.00	—1.50
Est. Sales 5,057 Prev. Sales 6,346							
Prev. Day Open Int. 15,222 up 84							
SUGAR WORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
9.42	4.05	Sep	5.50	5.51	5.20	5.33	—.46
9.40	4.02	Oct	5.45	5.72	5.56	5.57	—.20
9.50	5.53	Jan	6.00	6.08	5.88	5.88	—.20
9.64	6.03	Mar	6.45	6.58	6.40	6.48	—.11
9.82	6.35	May	6.60	6.75	6.59	6.70	—.08
9.92	6.50	Jul	6.80	6.88	6.78	6.88	—.05
7.92	6.90	Sep	6.95	6.95	6.95	6.88	—.12
9.60	6.66	Oct	7.04	7.11	7.00	7.05	—.10
Est. Sales 13,453 Prev. Sales 8,838							
Prev. Day Open Int. 88,862 up 314							
COCOA (NYCSCE) 10 metric tons- $ per ton							
2430	1712	Sep	1970	1975	1958	1966	+6
2425	1776	Dec	2043	2054	2021	2041	+9
2385	1825	Mar	2093	2093	2070	2088	+13
2384	1863	May	2114	2115	2095	2108	+8
2280	1875	Jul	2135	2135	2115	2121	+2
2147	1904	Sep				2139	+9
2180	2060	Dec	2161	2165	2145	2159	+9
Est. Sales 2,190 Prev. Sales 3,324							
Prev. Day Open Int. 24,597 up 194							
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
127.25	82.00	Sep	99.75	100.50	99.50	100.20	+.35
125.00	82.50	Nov	102.00	102.50	101.80	102.40	+.40
113.00	83.75	Jan	103.80	104.30	103.70	104.20	—.10
122.00	83.90	Mar	105.80	106.15	105.60	105.55	—.70
109.90	84.50	May				106.50	—1.20
110.60	84.75	Jul				107.50	—1.65
111.50	107.00	Sep	109.00	109.00	109.00	108.55	—2.70
112.00	108.00	Nov	109.50	109.50	109.00	109.00	—2.20
		Jan				109.50	
Est. Sales 1,000 Prev. Sales 1,613							
Prev. Day Open Int. 6,751 up 327							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
COPPER (COMEX) 25,000 lbs.- cents per lb.							
70.90	56.60	Sep	57.35	58.35	56.85	57.20	—.15
		Oct				57.50	—.20
70.30	57.50	Dec	58.35	58.60	57.85	58.15	—.20
70.20	58.00	Jan				58.35	—.20
78.00	58.20	Mar	59.05	59.25	58.50	58.75	—.25
70.10	58.60	May	59.60	59.60	59.25	59.15	—.30
69.95	59.20	Jul	60.00	60.00	59.50	59.50	—.30
70.35	59.45	Sep	60.30	60.40	60.00	59.90	—.30
69.50	60.05	Dec	62.00	61.00	60.50	60.50	—.30
70.80	60.45	Jan				60.65	—.30
68.50	60.70	Mar				61.00	—.30
63.30	61.50	May	62.25	62.25	61.65	61.35	—.30
Est. Sales 10,500 Prev. Sales 12,449							
Prev. Day Open Int. 60,636 off 726							
ALUMINUM (COMEX) 40,000 lbs.- cents per lb.							
61.20	46.90	Sep	52.40	52.40	51.75	51.75	—.75
		Oct				52.00	—.75
61.75	48.95	Dec	53.00	53.20	52.20	52.40	—.45
57.60	56.00	Jan				52.80	—.40
59.40	51.55	Mar	53.15	53.15	53.15	53.05	—.48
57.65	49.40	May				53.40	—.40
60.45	50.00	Jul				53.65	—.40
52.15	51.50	Sep				53.85	—.40
		Dec				53.95	—.40
		Jan				54.15	—.40
		Mar				54.25	—.40
		May				54.35	—.40
Est. Sales 205 Prev. Sales 236							
Prev. Day Open Int. 922 off 100							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
940.0	493.0	Sep	516.0	520.5	511.0	514.2	+.2
529.0	523.0	Oct				517.0	+.1
799.0	503.0	Dec	524.0	529.5	520.0	522.5	+.2
789.0	518.5	Jan	531.0	531.0	531.0	525.2	+.2
770.0	511.0	Mar	545.0	537.5	530.0	530.4	+.3
752.0	520.0	May	538.0	541.0	535.0	535.5	+.1
746.0	524.0	Jul	543.0	545.0	543.0	540.8	+.1
729.2	532.0	Sep	553.0	553.0	546.5	546.5	
694.0	543.5	Dec	560.0	561.0	557.5	555.3	
607.0	553.0	Jan				558.1	
617.0	535.8	Mar	569.0	569.0	569.0	564.5	
585.0	567.0	May	566.0	576.0	566.0	571.2	+.1
Est. Sales 18,000 Prev. Sales 14,048							
Prev. Day Open Int. 72,723 off 358							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
592.00	560.00	Sep				613.10	+20.40
597.50	303.50	Oct	598.00	616.50	598.00	614.60	+21.90
601.50	347.00	Jan	605.00	619.00	603.00	617.10	+21.20
600.50	361.00	Apr	612.00	620.00	608.00	620.10	+19.70
610.00	417.90	Jul	614.00	623.00	614.00	623.10	+18.20
611.50	464.00	Oct	627.00	630.50	627.00	626.60	+16.20
Est. Sales		Prev. Sales 10,134					
Prev. Day Open Int. 22,716 up 643							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
143.50	71.70	Sep	139.00	149.50	137.00	139.40	+3.10
128.00	115.50	Oct				138.40	+3.30
142.80	94.25	Dec	138.00	140.00	137.00	138.40	+3.30
142.00	102.00	Mar	139.00	141.00	138.00	138.40	+3.30
141.90	112.50	Jun	139.50	140.00	139.00	138.40	+3.30
143.00	143.00	Sep				138.40	+3.30
Est. Sales		Prev. Sales 908					
Prev. Day Open Int. 6,215 up 69							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
394.00	350.50	Sep	382.50	382.50	382.50	386.30	+5.40
401.00	331.50	Oct	386.00	390.30	385.30	388.30	+5.70
404.50	336.50	Dec	390.80	394.40	389.20	392.00	+5.70
407.00	337.30	Feb	393.00	397.00	393.30	395.20	+5.80
407.00	346.30	Apr	398.00	400.00	396.90	398.10	+5.90
416.00	350.50	Jun	399.50	402.80	399.50	401.30	+5.90
415.00	356.00	Aug	405.50	405.50	402.20	404.70	+6.00
420.00	361.80	Oct	407.50	407.50	407.50	408.10	+6.10
419.50	365.80	Dec	411.00	411.00	410.50	411.60	+6.20
426.50	371.50	Feb	416.50	416.50	416.50	415.40	+6.30
430.00	378.00	Apr	419.10	419.10	419.10	419.30	+6.40
433.50	399.00	Jun				423.30	+6.50
Est. Sales 32,000 Prev. Sales 22,917							
Prev. Day Open Int. 133,971 up 3,513							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
94.87	88.00	Sep	94.80	94.84	94.73	94.81	+.03
94.97	89.05	Dec	94.91	94.96	94.86	94.93	+.04
94.98	89.58	Mar	94.91	94.95	94.87	94.92	+.03
94.85	90.58	Jun	94.73	94.75	94.73	94.77	+.02
94.60	90.83	Sep	94.52	94.52	94.52	94.54	+.01
94.34	91.48	Dec	94.24	94.24	94.22	94.23	—.01
94.07	92.18	Mar	93.98	93.98	93.91	93.93	—.03
94.00	93.17	Jun	93.71	93.71	93.60	93.63	—.05
Est. Sales 7,107 Prev. Sales 6,637							
Prev. Day Open Int. 40,448 off 968							
MUNICIPAL BONDS (CBT) $1000x Index-pts & 32nds of 100 pct							
102-1	79-10	Sep	99-6	99-31	99-4	99-16	+17
99-12	88-20	Dec	98-27	99-20	98-25	99-5	+19
99-9	93-5	Mar				99-1	+19
Est. Sales		Prev. Sales 3,486					
Prev. Day Open Int. 11,736 up 34							

Season High	Season Low		Open	High	Low	Close	Chg.
CERT. DEPOSIT (IMM) $1 million- pts of 100 pct							
94.43	87.86	Sep	94.50	94.50	94.50	94.54	+.06
94.37	88.34	Dec	94.49	94.50	94.49	94.58	+.10
91.15	91.15	Sep				94.05	+.10
Est. Sales 41 Prev. Sales 3							
Prev. Day Open Int. 19 off 3							
EURODOLLARS (IMM) $1 million- pts of 100 pct.							
94.16	87.08	Sep	94.12	94.20	94.09	94.18	+.06
94.20	87.28	Dec	94.12	94.26	94.10	94.22	+.10
94.15	87.44	Mar	94.07	94.18	94.04	94.14	+.07
93.98	88.84	Jun	93.88	94.02	93.87	93.96	+.07
93.71	89.29	Sep	93.63	93.74	93.60	93.69	+.07
93.39	90.18	Dec	93.27	93.39	93.27	93.34	+.06
93.09	90.94	Mar	92.98	93.07	92.94	93.00	+.04
92.78	91.49	Jun	92.66	92.72	92.63	92.66	+.02
Est. Sales 52,961 Prev. Sales 37,456							
Prev. Day Open Int. 198,959 up 3,175							
EUROPEAN CURRENCY (IMM) 125,000 units							
103.06	87.60	Sep	102.57	102.76	102.03	102.15	—.47
102.81	94.86	Dec	102.07	102.40	101.75	101.80	—.47
Est. Sales 495 Prev. Sales 244							
Prev. Day Open Int. 224 off 108							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.5435	1.3240	Sep	1.4800	1.4815	1.4750	1.4765	—40
1.5360	1.3250	Dec	1.4655	1.4660	1.4600	1.4620	—40
1.5170	1.4340	Mar	1.4510	1.4510	1.4480	1.4495	—35
1.4575	1.4230	Jun	1.4330	1.4330	1.4330	1.4340	—35
Est. Sales 9,738 Prev. Sales 4,642							
Prev. Day Open Int. 28,894 off 318							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.7305	.6809	Sep	.7145	.7185	.7143	.7176	+32
.7285	.6790	Dec	.7111	.7136	.7111	.7125	+32
.7256	.6770	Mar	.7063	.7063	.7063	.7073	+32
.7243	.6995	Jun	.7000	.7025	.7000	.7021	+32
.6995	.6950	Sep				.6969	+32
Est. Sales 3,797 Prev. Sales 3,097							
Prev. Day Open Int. 19,757 up 1,306							
FRENCH FRANC (IMM) $ per franc- 1 point equals $0.00001							
.14925	.12900	Sep				.14925	
.14960	.14300	Dec				.14909	
		Mar				.14825	
Est. Sales		Prev. Sales					
Prev. Day Open Int. 283							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.4911	.3762	Sep	.4888	.4904	.4868	.4870	—32
.4930	.4090	Dec	.4909	.4922	.4877	.4882	—37
.4949	.4370	Mar	.4935	.4935	.4900	.4904	—32
Est. Sales 32,015 Prev. Sales 30,607							
Prev. Day Open Int. 54,587 off 184							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.006546	.004698	Sep	.006443	.006459	.006382	.006392	—33
.006566	.004728	Dec	.006459	.006473	.006398	.006406	—33
.006571	.005850	Mar	.006490	.006490	.006415	.006422	—35
Est. Sales 26,163 Prev. Sales 21,912							
Prev. Day Open Int. 49,076 up 2,521							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.6106	.4790	Sep	.6074	.6096	.6019	.6033	—58
.6131	.4878	Dec	.6099	.6120	.6042	.6055	—57
.6155	.5125	Mar	.6143	.6143	.6074	.6076	—61
.6130	.6130	Jun				.6165	
Est. Sales 33,482 Prev. Sales 29,188							
Prev. Day Open Int. 43,962							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
LUMBER (CME) 130,000 bd. ft.- $ per 1,000 bd. ft.							
183.20	145.50	Sep	184.40	188.20	183.80	186.30	+1.10
177.50	146.00	Nov	178.00	181.60	176.00	177.40	—.10
175.70	150.00	Jan	177.00	178.70	173.50	175.10	—.70
175.50	153.00	Mar	175.50	178.30	173.70	174.30	—.70
174.50	155.50	May	175.50	177.00	173.50	174.08	—.60
175.50	155.10	Jul	174.50	174.50	174.00	174.00	+1.00
172.50	163.50	Sep	173.50	173.50	173.50	175.00	+2.50
Est. Sales 3,074 Prev. Sales 3,673							
Prev. Day Open Int. 6,263 up 496							
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
65.50	29.50	Oct	34.65	35.40	34.65	35.38	+.76
59.25	30.15	Dec	35.75	36.40	35.60	36.38	+.61
49.50	30.95	Mar	36.90	37.60	36.80	37.45	+.65
52.75	31.56	May	37.70	38.35	37.60	38.30	+.48
46.80	32.32	Jul	38.50	39.10	38.50	39.00	+.50
41.20	33.50	Oct	40.25	40.25	40.25	39.85	+.82
39.75	34.40	Dec	39.90	41.00	39.90	40.50	+.78
Est. Sales 4,000 Prev. Sales 5,748							
Prev. Day Open Int. 27,540 up 330							
HEATING OIL (NYME) 42,000 gal- cents per gal							
72.50	30.55	Sep	42.30	42.75	41.90	42.70	+.06
73.55	31.50	Oct	44.00	44.20	43.50	44.10	—.18
73.50	32.40	Nov	45.30	45.50	45.05	45.40	—.26
75.40	33.30	Dec	46.50	46.80	46.25	46.50	—.30
67.00	33.85	Jan	47.10	47.15	46.80	47.00	—.25
61.00	34.50	Feb	47.80	47.15	46.40	47.80	—.18
44.90	32.25	Mar	44.50	44.50	44.25	44.40	—.10
43.70	32.50	Apr	42.65	42.80	42.65	42.80	—.05
42.25	30.90	May	41.70	41.70	41.10	41.70	+.20
Est. Sales		Prev. Sales 16,097					
Prev. Day Open Int. 67,343 up 2,338							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
26.73	10.10	Oct	15.80	15.84	15.58	15.81	+.02
26.60	10.25	Nov	15.75	15.83	15.00	15.82	+.03
26.20	10.40	Dec	15.75	15.80	15.62	15.80	+.02
25.30	10.45	Jan	15.70	15.70	15.55	15.78	+.02
24.90	10.52	Feb	15.52	15.60	15.50	15.63	+.02
17.90	10.55	Mar	15.40	15.52	15.40	15.57	+.02
15.75	10.50	Apr	15.40	15.40	15.40	15.54	+.02
15.68	10.70	May				15.53	+.02
15.65	10.70	Jun	15.60	15.60	15.60	15.52	+.02
Est. Sales		Prev. Sales 25,472					
Prev. Day Open Int. 97,397 up 5,302							

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
255.38	187.00	Sep	253.90	254.75	252.50	253.65	—.35
257.25	209.50	Dec	255.45	256.40	254.05	255.25	—.35
258.45	224.50	Mar	256.90	256.90	255.60	256.80	—.35
258.90	236.30	Jun	258.80	258.80	257.70	258.75	—.35
Est. Sales 70,126 Prev. Sales 74,634							
Prev. Day Open Int. 106,333 off 1,887							
VALUE LINE (KCBT) points and cents							
250.35	199.45	Sep	235.50	236.90	234.80	235.65	—.15
250.10	218.70	Dec	235.60	237.15	234.80	235.65	—.15
258.00	221.50	Mar	236.50	237.00	234.20	236.20	—.15
Est. Sales		Prev. Sales 2,837					
Prev. Day Open Int. 7,818 up 318							
NYSE COMP. INDEX (NYFE) points and cents							
146.80	108.10	Sep	145.90	146.40	145.15	145.70	—.10
148.00	121.10	Dec	146.90	147.30	146.05	146.60	—.10
148.95	135.30	Mar	147.30	147.80	146.90	147.45	—.10
148.70	136.20	Jun	147.90	148.50	147.90	148.30	—.10
Est. Sales 8,888 Prev. Sales 11,833							
Prev. Day Open Int. 11,496							

Commodity Indexes

	Close	Previous
Moody's	898.90 f	898.50
Reuters	1,455.10	1,452.70
D.J. Futures	120.57	120.63
Com. Research	206.31	206.19

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

Currency Options

Aug. 28

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Sep	Oct	Dec	Puts—Last Sep	Oct	Dec
12,500 British Pounds-cents per unit.							
BPound	145	3.25	r	5.00	0.30	1.35	2.85
147.95	150	0.55	1.40	2.65	2.65	3.80	5.85
147.95	155	0.05	r	1.30	r	r	r

Total call vol. 11,917 Call open int. 385,168
Total put vol. 11,951 Put open int. 404,658
r—Not traded. s—No option offered.
Last is premium (purchase price).
Source: AP.

U.S. Trade Commission Rules Against East Bloc Urea Imports

Reuters

WASHINGTON — The International Trade Commission has ruled that exports of urea from the Soviet Union, Romania and East Germany have injured U.S. producers by driving down prices and reducing domestic employment.

The ITC's unanimous ruling Wednesday means the Commerce Department must determine by Dec. 23 whether those countries have dumped urea on the U.S. market at prices below the cost of production. Urea is a solid nitrogen fertilizer used on corn, wheat, rice, cotton and other crops.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Australia

Mim Holdings

Fisc. Year	1986	1985
Revenue	1,220.	1,200.
Profits	48.26	(a)18.3
Per Share	0.051	—

a: loss.

Britain

British Petroleum

2nd Quar.	1986	1985
Pretax Net	66.0	906.0
Per Share	0.117	0.188
1st Half	1986	1985
Revenue	14,700.	21,400
Pretax Net	193.0	2,020.
Per Share	0.129	0.47

Hong Kong

HK & Shanghai Banking

1st Half	1986	1985
Profits	1,200.	1,110.
Per Share	0.32	0.29

United States

American Stores

2nd Quar.	1986	1985
Revenue	3,500.	3,300.
Net Inc.	33.0	41.5
Per Share	0.85	1.12
1st Half	1986	1985
Revenue	6,900.	6,900.
Net Inc.	65.2	72.4
Per Share	1.68	1.90

1985 six-month net excludes charge of $1.5 million.

Brown-Forman

1st Quar.	1987	1986
Revenue	332.9	280.9
Net Inc.	18.2	18.5
Per Share	0.84	0.86

Fleetwood Ent.

1st Quar.	1987	1986
Revenue	314.4	319.7
Net Inc.	9.9	11.9
Per Share	0.43	0.51

Phillips-Van Heusen

2nd Quar.	1986	1985
Revenue	110.9	114.7
Net Inc.	2.42	0.95
Per Share	0.28	0.15
1st Half	1986	1985
Revenue	215.0	224.7
Net Inc.	6.21	3.51
Per Share	0.98	0.56

Supermarkets General

2nd Quar.	1986	1985
Revenue	1,400.	1,300.
Net Inc.	19.9	18.0
Per Share	0.52	0.50
1st Half	1986	1985
Revenue	2,700.	2,400.
Net Inc.	32.2	29.8
Per Share	0.86	0.83

Per share results adjusted for 2-for-1 split Aug. 1.

West Germany

Bayer

1st Half	1986	1985
Revenue	21,600.	24,590.
Pretax Net	1,740.	1,730.

Volkswagen

1st Half	1986	1985
Revenue	26,440.	26,700.
Profits	284.0	281.0

NYSE Highs-Lows

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ALLTEL Cp, Asarco pf, BemisCo s, CapCities, CenSo West, CnPw 772pf, CnPw 243pr, FstWisc 1pf, GaPw 772pf, Houselnfl, JerC 936pf, KCPL 450pf, MarshMcl s, MetE 390pf, NevadaSL, OhEd 390pf, PacificRes, PhEl 785pf, PSInd 350pf, PubS NwMx, PugSdPL, SanDie Gas, SllrwestGas, UnEl 456pf, WisEl 775pf, AmTT pfA, BancCtrl n, Boise Cascd, Castle Cke, CnPw 385pr, DugLt 720pf, GEICO, Gdrich pfB, Housinf 625, JerCenP 8pf, KanGasEl, McDer 260pf, MetEd pfH, NYStaEG, OhEd 440pf, PaPL 11pr, PhEl 128pf, PSInd 432pf, PSEG 408pf, RockCentr n, SavanhEP s, TempleInd, UnPacCp, AmTT pfB, BarnetBk s, BoiseC pfC, CastlCke pfA, CmEd 465pf, CnPw 250pr, EastGasFuel, GTE 2pf, GulfWest, HydraulCo, KCPL 380pf, KaufBd pfA, McDermInt, MorganJP, NewmontMng, OhEd adj pf, PhEl 430pf, PhEl 775pf, PSInd 960pf, PSEG 1162pf, RussBerr, SavnhEP A, Tenneco, Vulcan Matl, AmerTrScore, BellSouth, BklynUGs s, Centel, ConsNG s, CnPw 223pr, Eastn Util, GenRecorp s, HerculesInc, Ill Power, KCPL 425pf, LoctiteCp, McKesson pf, NevP 160pf, NIM 390pf, OhEd 392pr, PhilaEl 7pf, PiedmtNG s, PSInd 896pf, PSEG 128pf, SallieMae, SoRy 260pf, UnEl 450pf, WellsFar Co

NEW LOWS 13

BankAm adl p, viManville, Wedtech, ZenithLbs s, DeciaCap n, Proler Int, WnUn 460pf, Kidde pfC, SL Indust s, WnUn 6pf, LeslieFay n, UAM n, Zemex

Japan Manufactured Imports Up

Agence France-Presse

TOKYO — Japan's imports of manufactured goods rose 23.7 percent in the first half of 1986 from a year earlier to $24.7 billion, or 38.3 percent of the country's total imports in the period, the Japan External Trade Organization reported Thursday. The imports rose 55.8 percent in June from the previous year and 56.4 percent in July.

PERSONAL INVESTING
IN THE IHT THE SECOND MONDAY OF EACH MONTH.
EDITED FOR THE SOPHISTICATED INVESTOR — AN ESSENTIAL GUIDE TO OPPORTUNITIES AND PITFALLS — WORLDWIDE

Paris Commodities

Aug. 28

	High	Low	Close Bid	Ask	Ch'ge
SUGAR French francs per metric ton					
Oct	1,235	1,220	1,220	1,223	—11
Dec	1,230	1,220	1,220	1,229	—7
Mar	1,260	1,245	1,252	1,253	—7
May	N.T.	N.T.	1,275	1,290	—5
Aug	N.T.	N.T.	1,310	1,320	—3
Oct	N.T.	N.T.	1,345	1,355	—3
Est. vol.: 1,800 lots of 50 tons. Prev. actual sales: 944 lots. Open interest: 23,446					
COCOA French francs per 100 kg					
Sep	1,395	1,395	1,383	1,420	—22
Dec	1,455	1,455	1,460	1,485	+5
Mar	N.T.	N.T.	1,480	1,505	—2
May	N.T.	N.T.	1,490	—	—5
Jly	N.T.	N.T.	1,500	—	—5
Sep	N.T.	N.T.	1,510	—	—5
Dec	N.T.	N.T.	1,520	—	—5
Est. vol.: 10 lots of 10 tons. Prev. actual sales: 0 lots. Open interest: 174					
COFFEE French francs per 100 kg					
Sep	2,222	2,200	2,210	2,225	+65
Nov	2,272	2,240	2,255	2,265	+68
Jan	2,252	2,240	—	2,255	+65
Mar	2,210	2,160	2,175	2,195	+40
May	N.T.	N.T.	2,150	2,180	+40
Jly	N.T.	N.T.	2,160	2,190	+45
Sep	N.T.	N.T.	—	2,220	+40
Est. vol.: 300 lots of 5 tons. Prev. actual sales: 279 lots. Open interest: 942					

Source: Bourse du Commerce.

Asian Commodities

Aug. 28

SINGAPORE GOLD FUTURES U.S.$ per ounce	High	Low	Settle	Prev. Settle
Sep	N.T.	N.T.	384.00	378.70
Oct	N.T.	N.T.	385.70	380.40
Dec	N.T.	N.T.	389.40	384.10

Volume: 0 lots of 100 oz.

KUALA LUMPUR RUBBER Malaysian cents per kilo	Close Bid	Ask	Previous Bid	Ask
Sep	217.00	219.00	217.00	219.00
Oct	215.50	217.50	215.50	217.50
Nov	216.50	218.50	216.50	218.50
Dec	217.50	219.50	217.50	219.50

Volume: 0 lots.

SINGAPORE RUBBER Singapore cents per kilo	Close Bid	Ask	Previous Bid	Ask
RSS 1 Sep	177.75	178.25	177.25	177.75
RSS 1 Oct	174.75	175.25	175.00	175.50
RSS 2 Sep	172.00	174.00	172.00	174.00
RSS 3 Sep	170.00	172.00	170.00	172.00
RSS 4 Sep	164.50	166.50	164.50	166.50
RSS 5 Sep	160.50	162.50	160.50	162.50

KUALA LUMPUR PALM OIL Malaysian ringgits per 25 tons	Close Bid	Ask	Previous Bid	Ask
Sep	458.00	462.00	460.00	470.00
Oct	460.00	461.00	460.00	465.00
Nov	460.00	461.00	464.00	465.00
Dec	460.00	461.00	464.00	465.00
Jan	460.00	470.00	467.00	470.00
Feb	460.00	470.00	465.00	475.00
Mar	460.00	470.00	465.00	475.00
May	460.00	470.00	465.00	475.00
Jly	465.00	475.00	470.00	480.00

Volume: 104 lots of 25 tons.
Source: Reuters.

London Commodities

Aug. 28

	High	Low	Close Bid	Ask	Previous Bid	Ask
SUGAR Sterling per metric ton						
Oct	127.60	124.20	124.40	124.60	127.60	127.80
Dec	132.80	132.80	131.00	132.00	134.00	136.00
Mar	147.80	144.20	146.20	146.40	148.00	148.40
May	151.00	148.60	150.60	150.80	151.60	152.00
Aug	155.80	153.20	155.00	155.60	156.20	154.80
Oct	159.20	158.60	158.40	159.00	159.00	160.20
Volume: 2,186 lots of 50 tons.						
COCOA Sterling per metric ton						
Sep	1,464	1,447	1,452	1,454	1,447	1,449
Dec	1,515	1,496	1,498	1,499	1,506	1,507
Mar	1,552	1,532	1,535	1,536	1,542	1,543
May	1,564	1,550	1,550	1,556	1,558	1,559
Jly	1,577	1,565	1,565	1,567	1,572	1,575
Sep	1,593	1,580	1,580	1,581	1,586	1,587
Dec	1,409	1,602	1,577	1,600	1,604	1,605
Volume: 3,803 lots of 10 tons.						
COFFEE Sterling per metric ton						
Sep	2,255	2,195	2,190	2,190	2,220	2,230
Nov	2,290	2,225	2,225	2,226	2,235	2,245
Jan	2,265	2,218	2,215	2,218	2,230	2,240
Mar	2,225	2,190	2,180	2,190	2,185	2,190
May	2,215	2,189	2,180	2,210	2,170	2,175
Jly	2,218	2,190	2,195	2,210	2,160	2,178
Sep	N.T.	N.T.	2,195	2,210	2,160	2,190
Volume: 9,607 lots of 5 tons.						
GASOIL U.S. dollars per metric ton						
Sep	133.75	129.50	—	129.75	132.50	132.75
Oct	136.75	133.25	133.00	133.25	136.00	136.50
Nov	140.00	137.00	—	137.00	140.00	140.25
Dec	140.75	140.00	140.00	140.50	142.75	143.50
Jan	144.50	143.00	143.00	—	143.50	144.50
Feb	N.T.	N.T.	—	143.00	144.00	145.00
Mar	138.00	138.00	133.00	140.00	128.00	135.00
Apr	N.T.	N.T.	133.00	145.00	125.00	148.00
May	N.T.	N.T.	133.00	147.00	125.00	148.00
Volume: 3,085 lots of 100 tons.						

Sources: Reuters and London Petroleum Exchange.

London Metals

Aug. 28

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM Sterling per metric ton				
Spot	781.00	782.00	780.50	781.50
Forward	772.00	773.00	770.50	771.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	877.00	878.00	874.00	875.00
Forward	894.00	894.50	890.00	891.00
COPPER CATHODES (Standard) Sterling per metric ton				
Spot	850.50	851.00	849.00	850.00
Forward	872.00	872.50	869.00	871.00
LEAD Sterling per metric ton				
Spot	270.50	271.00	264.00	265.00
Forward	273.00	274.00	268.00	268.50
NICKEL Sterling per metric ton				
Spot	2565.00	2570.00	2580.00	2560.00
Forward	2600.00	2605.00	2590.00	2595.00
SILVER Pence per troy ounce				
Spot	346.00	348.00	342.00	342.50
Forward	354.00	356.00	350.00	350.50
ZINC Sterling per metric ton				
Spot	540.00	550.00	540.00	550.00

Source: AP.

S&P 100 Index Options

Aug. 28

Total call volume 142,881
Total call open int. 533,811
Total put volume 93,233
Total put open int. 597,442
Index: High 238.24 Low 236.44 Close 237.62 — .55
Source: CBOE.

U.S. Treasuries

Aug. 28

	Discount Bid	Offer	Yield	Prev. Yield
3-month bill	5.28	5.27	5.42	5.44
6-month bill	5.32	5.30	5.54	5.58
1-year bill	5.38	5.36	5.68	5.71
	Bid	Offer	Yield	Prev. Yield
30-yr. bond	99 28/32	100	7.25	7.27

Source: Salomon Brothers.

Merrill Lynch Treasury index: 157.60
Change for the day: +0.13
Average yield: 6.82 %
Source: Merrill Lynch.

DM Futures Options

W. German Mark-125,000 marks, cents per mark

Aug. 28

Estimated total vol. n.a.
Calls: Wed. vol. 2,392 open int. 43,822
Puts: Wed. vol. 2,447 open int. 60,576
Source: CME.

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Cash Prices

Aug. 28

Commodity and Unit	Thu.
Coffee 4 Santos, lb	1.95
Printcloth 64/30 38 ½, yd	0.79
Steel billets (Pitt.), ton	473.00
Iron 2 Fdry, Phila., ton	213.00
Steel scrap No 1 hvy Pitt.	70-71
Lead Spot, lb	21¼-22
Copper elect., lb	63-63½
Tin (Straits), lb	3.4596
Zinc, E. St. L. Basis, lb	0.44
Palladium, oz	129-132
Silver N.Y., oz	5.19

Source: AP.

Dividends

Aug. 28

Company	Per	Amt	Pay
INCREASED			
Bnk N Hampshire	Q	.18	10-1
USUAL			
Angelica Corp	Q	.15	10-1
Deere & Co	Q	.12 ½	11-3
Dylex Ltd	Q	.50	9-30
Intl Aluminum Corp	Q	.18	10-10
Pacific Scientific	Q	.10	10-6
Southwest Airlines	Q	.03 ¼	9-26
Square D Co	Q	.46	10-1
Tecumseh Products	Q	.80	9-26
Textron Inc	Q	.45	10-1

a-annual; m-monthly; q-quarterly; s-semi-annual
Source: UPI.

Burroughs Weighs Sperry Asset Sale

The Associated Press

NEW YORK — Burroughs Corp. said Thursday that it was hiring investment bankers to advise it on the possible sale of the aerospace and marine group of Sperry Corp., the rival computer maker that Burroughs is buying for $4.8 billion.

Burroughs said a decision on whether to sell the Phoenix-based unit, which makes high-technology equipment for planes and ships, "would depend in part on buyer interest and valuation of the properties."

Michael Geran, an analyst for E.F. Hutton & Co., said the unit probably could bring in about ... million, about the same as its annual revenue.

حولت من الأصل

USINESS ROUNDUP

'W Posts Flat Earnings On 1% Decline in Sales

By Warren Getler
International Herald Tribune

FRANKFURT — Volkswagen , West Germany's biggest auto-ker, reported Thursday that t-half group net profit rose only ntly from a year earlier, to 284 lion Deutsche marks ($139 mil- at current rates), from 281 mil- DM a year earlier.

The 1.1-percent profit rise was ted on a 1-percent fall in con-idated sales, the automaker said. pressed by the impact of a weak-dollar, group revenue slipped to 4 billion DM in the first half m 26.7 billion in the 1985 peri-

n an interim report, Volks-gen said first-half earnings re-ted a "stabilization of the previ-s year's robust profit elopments," and noted that the ond-half promises a "continuing bilization of profits."

The ambiguous statement on nings prospects left some doubt ether VW could match 1985's e boost in earnings, to 595.7 million DM from 228 million DM in 1984. Volkswagen's chairman, Carl H. Hahn, has said that 1986 profit would be comparable to the year-earlier result.

On news of the flat earnings, VW shares fell 10 DM on the Frankfurt Stock Exchange, to close at 496.2 DM.

Noting the adverse effects of the weaker dollar on overseas sales, Volkswagen said volume sales of its automobiles to dealers overseas rose 7.5 percent in the half, to 894,391 units. Domestic sales to dealers were up a sharper 17.8 percent, to 427,050, it said.

Volume sales in the key U.S. market rose 2.2 percent in the half, to 172,855 units, the company said.

It said that worldwide deliveries to customers rose 10.7 percent in the half, to 1.33 million vehicles, boosted by strong sales at the group's Brazilian unit and by solid bookings for the Golf model in the domestic and European markets.

Without providing a sales forecast for the group, VW said that it should benefit from strong domestic demand for automobiles, of which some 2.7 million are likely to be sold this year, matching a 1978 record.

West German consumption spending, spurred by an 11-billion-DM tax cut and near zero inflation, is expected to expand by between 4 percent and 5 percent this year, with much of the increase expected to flow to West Germany's automakers. Volkswagen, in conjunction with its Audi subsidiary, has the largest share of the domestic market by a wide margin.

Volkswagen declined to provide details about a one-for-four rights issue planned for next month. Market analysts predicted the offering price for the nonvoting preference shares would be between 350 and 400 DM.

M Cuts Rates o Just 2.9% on ome '86 Models

The Associated Press

DETROIT — General Motors rp. will attempt to clear out a ge stockpile of 1986 models by ering interest rates as low as 2.9 cent on 36-month loans on all s and most light trucks.

GM announced the low interest es at a news conference in De-it Thursday. It will offer rebates $300 to $1,500 as an alternative the lower rates.

The largest U.S. automaker will er 4.8-percent rates on 48-month ntracts. The new program takes ect Thursday and expires Oct. 8.

"GM dealers have over 1 million w 1986 cars and light trucks for e," said James G. Vorhes, a GM e president. Many of GM's dels have inventories of more n 100 days, and some exceed 0 days. GM's target is a 60-day entory of unsold cars.

Ford Motor Co., the No. 2 U.S. maker, is offering loan rates as as 6.9 percent and rebates of up $600 through Oct. 2. Chrysler rp.'s financing program, in ef-t through Sept. 6, offers rates as v as 5.5 percent and includes bates of up to $1,500.

LTV Seeks to Withhold Pension Fund Payments

Reuters

DALLAS — LTV Corp. said Thursday that it is seeking a waiver from the U.S. Internal Revenue Service that would permit it to withhold $215 million in pension plan contributions due Sept. 15.

It based its request on the fact that it has filed for protection from its creditors under Chapter 11 of the U.S. bankruptcy code. It said it has also sought a waiver of a 5-percent excise tax — or penalty — imposed by the IRS when pension plan payments are overdue.

Volvo Net Up 11.5% in Half Despite Flat Sales

Reuters

GOTHENBURG, Sweden — AB Volvo said its group net profit rose 11.5 percent in the first half of 1986, to 4.75 billion kronor ($686.2 million) from 4.26 billion in the corresponding period of 1985, despite almost flat sales.

Sales totaled 42.18 billion kronor compared with 42.28 billion in the 1985 period, and the Swedish conglomerate attributed the slight decline largely to a drop in revenue from oil trading.

Earnings per share came to 29.90 kronor compared with 25.50 kronor in the 1985 period.

Volvo also said the sharp fall in the value of the dollar depressed industrial revenue by 2.8 billion kronor compared with the 1985 period, as car sales in the crucial U.S. market failed to keep pace with increased demand in Western Europe. Industrial sales rose 8 percent overall.

Volvo said the number of cars sold increased 8 percent in Western Europe in the first half but was flat in the United States.

Car revenues rose 3 percent in the January-June period to 18.66 billion kronor. Truck revenues also rose 3 percent, to 8.21 billion kronor, while bus sales jumped 22 percent to 904 million.

Revenue from marine engines fell 7 percent to 1.1 billion kronor, while aircraft engine sales rose 7 percent to 690 million kronor.

Montgomery Ward Making Changes

Reuters

CHICAGO — Montgomery Ward & Co., a unit of Mobil Corp., said Thursday that it is reorganizing management in a move to strengthen its specialty store business.

It said the move establishes "strong verticalization" of its specialty businesses, into which the company has been moving since Bernard Brennan became president in June 1985.

Wards said it named Bernard Andrews to the newly created position of president, home and automotive group. He also continues as executive vice president. Richard Bourret joined the company in the new position of president, apparel group, it added.

BP Reports 38% Drop In 2d-Quarter Earnings

Compiled by Our Staff From Dispatches

LONDON — British Petroleum Co. said Thursday that second-quarter net income plunged 38 percent from a year earlier because of special costs and the effects of the "dramatic" decline in oil prices

BP, majority owner of Standard Oil Co. of the United States, said net income fell to £214 million (about $319 million at current rates) in the second quarter from £344 million a year earlier. The results reflected a £316-million charge for writing down the value of inventories and the costs of a reorganization at its U.S. subsidiary, BP said.

Revenue for the quarter was not reported. Based on first-quarter results, however, BP's revenue fell 37.3 percent from a year earlier, to £6.22 billion from £9.92 billion.

BP said its results "reflected the dramatic decline in oil prices during 1986, which led to much lower earnings from oil exploration and production and to inventory losses over the quarter."

Calculated on the more optimistic replacement-cost basis, BP's earnings rose about 4 percent, to £579 million, in the second quarter from £548 million a year earlier. Replacement-cost operating profit excludes inventory holding gains and losses, interest expense, taxation and minority interests.

These figures excluded Standard Oil results, which, when included, translated into a £91-million loss, compared with a £645-million profit a year earlier, BP said.

"These results show that, in spite of the problems caused by a turbulent oil market and severely depressed prices, the financial position of the BP group remains strong," said BP's chairman, Sir Peter Walters.

"For oil prices and markets, the outlook for the second half of the year is still very uncertain," he said.

Sir Peter said BP is reviewing budgets and that he expects "to see less spent on exploration and production during the remainder of the year."

BP's North Sea oil production dropped 9 percent, or 46,000 barrels, to 455,000 barrels a day, in the second quarter, because of scheduled maintenance shutdowns. But this was offset by a 21-percent increase, to 240,000 barrels a day, in BP's foreign production, primarily in Alaska and Abu Dhabi. *(Reuters, AFP, UPI)*

Ericsson Posts 28% Fall in First-Half Profit

By Juris Kaza
International Herald Tribune

STOCKHOLM — L.M. Ericsson, the Swedish telecommunications and office automation group, reported Thursday that its pretax earnings fell 28 percent in the first half of 1986, to 461 million kronor (about $66.6 million) from 644 million kronor a year earlier, despite the benefits of a one-time gain.

The company said its results included nonrecurring capital gains of 163 million kronor, up from 170 million kronor in the first half of 1985.

Ericsson also said it would cut about 4,800 jobs over the next two years, including 2,000 to be laid off at its Ericsson Information Systems unit over the next 12 months. The EIS unit has already lost 4,000 jobs in earlier cuts.

The remaining 2,800 jobs would be cut at its Public Telecommunications unit, representing a 10-percent reduction in the existing work force of its biggest unit, the company said.

In an interim report, the company said it expected a gradual improvement in group profitability in the second half of 1986 and through 1987. But Ericsson indicated that although the operating result was improving at EIS, the unprofitable unit would not return to profitability before 1988.

In 1985, EIS had an operating loss of 806 million kronor.

The company reported that group sales edged up 2 percent in the half, to 15.2 billion kronor. EIS sales dropped to 4.7 billion kronor from 4.9 billion kronor a year earlier, while Public Telecommunications sales increased to 5.2 billion kronor from 4.8 billion kronor.

Analysts were divided on the results.

"The results are not very encouraging," said Tim Youngman, an analyst at London's Savory Milln Ltd. Mr. Youngman said that lower margins on the public telecommunications business combined with large losses at EIS had created the worst of both worlds for the company.

"I believe this is better than the market was expecting," said Stefan Guter, an analyst with Enskilda Fondkommission, the securities trading division of Stockholm's Skandinaviska Enskilda Banken.

Mr. Guter said, however, that there were "aspects of uncertainty, such as the company's exposure to Latin American currency fluctuations, and the growth of the information technology market."

BUSINESS PEOPLE

British Telecom Names Vallance as Chief

Compiled by Our Staff From Dispatches

LONDON — As expected, British Telecommunications PLC has named Iain Vallance to succeed Sir George Jefferson as chief executive, effective Oct 1. Sir George will remain chairman.

Mr. Vallance has been operations chief since last October. Before then, he was running the company's local communications services.

The company also named Graeme Odgers as chief financial officer. Mr. Odgers was formerly group managing director of Tarmac PLC, a private construction company, and had been named British Telecom deputy chairman in early August.

Also, Douglas Perryman, formerly the finance director, will become commercial director.

Glaxo Holdings PLC, the drug company, has appointed David White as company secretary. He was formerly group company secretary of Britannia Arrow Holdings PLC.

Hertz Corp. said that Robin Davies has been named division vice president for sales of Hertz Europe. He was formerly director of sales for the car-rental company.

Cluett, Peabody & Co. named Harris R. Hester, the president of Arrow Co., as president of its parent, Cluett, Peabody. Cluett, Peabody makes men's, women's and children's apparel. Mr. Hester was instrumental in getting the company into the designer menswear business. He replaces Richard Q. Armstrong, who resigned.

Bankers Trust Co. of New York announced that Cob Stenham will become executive chairman of the bank's business in Europe, including Britain, the Middle East and Africa. He comes to Bankers Trust from Unilever, where he was financial director. Along with his new job, he will pursue other business interests.

Pan American Corp. has named Bruce R. Nobles to head the new Pan Am Shuttle, scheduled to begin flights in the U.S. Northeast Corridor Oct. 1. Mr. Nobles will have the title of president and chief operating officer of Pan Am Shuttle. Mr. Nobles was formerly vice president for customer services for Republic Airlines.

Abbey Life Group has appointed Alan J. Frost as director, with overall responsibility for the investment of the group's assets, which total more than £2 billion ($2.96 billion). Mr. Frost succeeds Peter Dyson, who is retiring. Mr. Frost is currently the assistant general manager of Sun Life Assurance Society PLC.

National Westminister Bank PLC has named Roger Byatt regional general manager, corporate financial services, in NatWest's international banking division. He was formerly senior international executive in corporate financial services. *(IHT, Reuters, NYT)*

Esprit Ends Computer Line

Reuters

MELVILLE, New York — Esprit Systems Inc. said Thursday that it has discontinued its unprofitable microcomputer product line. The company said it is now concentrating on its core business of supplying video display terminals for multi-user computer systems.

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For info. tel. U.K. 01-730-8525 U.S.A. 212/956-6363.
A service of WesternWorld-Samuel Communications.

OMPANY NOTES

Arab Banking Corp. said it has bought a 10.2-cent stake in Naarden International NV, the Dutch vorings and fragrances company that is the target of akeover bid by the Unilever NV group.

BASF AG and Degussa AG, the West German micals companies, have set up a joint company in United States to manufacture polyacetal materials use in the car, electronics and sanitary-products lustries. Each will hold 50 percent of the Alabama-ed company, Ultraform Co., and operations will in in 1988.

Bond Corp. Holdings Ltd. said its group net profit sed nearly fivefold in the year ended June 30, to 5 million Australian dollars ($60 million) from million the year before. Sales more than tripled 1.6 billion dollars from 517.81 million.

Ford Motor Co. said it will begin building 130,000 cer subcompact cars annually at a new plant in mosillo, Mexico, next year, with 100,000 of those tined for the United States.

Fruehauf Corp. may sell part of its heavy-duty omotive, aerospace, leasing and financing operas following a leveraged buyout by a group led by rill Lynch & Co., the group told the U.S. Securities l Exchange Commission.

Hutchison Whampoa Ltd. said it will submit a joint proposal with British Telecommunications PLC and Hongkong Electric Holdings Ltd. to provide a cable television service in Hong Kong. It said the group will seek an exclusive franchise.

International Business Machines Corp.'s 1986 earnings will be lower than previously predicted, according to an analyst at Morgan Stanley & Co. Carol Muratore lowered her 1986 estimate to $9.80 a share from $10.10, and her 1987 estimate to $10.85 from $11.75. IBM earned $10.67 a share in 1985.

Kumagai Gumi Co. said it will make a 1-for-20 bonus stock issue on Nov. 1 to pay out premiums raised from an $80-million convertible bond issued in February 1985 and a 20-billion yen ($129-million) convertible bond issued in March 1984.

Matsushita Electric Industrial Co. said it will begin manufacturing plain-paper copiers in West Germany next year, in a reaction to a European Community decision to impose anti-dumping duties on Japanese-made photocopiers.

Prudential Corp. PLC would not comment on reports that it is in negotiations to divest its 65-percent subsidiary, Prudential Assurance Co. of South Africa Ltd., but the South African company said it will issue a statement within a few days.

-D: dapting It to TV

(Continued from first finance page)

itation with 3-D in the past has n doing it well."

Last month, JVC Corp. anunced that it would market, bening in September, a new 3-D eodisk player in Japan that als viewers to see 3-D movies on ir television sets. The player will e with a pair of 3-D electronic sses.

In what is known as 3-D shutter-technology, an electronic signal t from the 3-D player causes the sses to constantly change the an-of polarization throughout the vie so that each eye sees the propriate view needed to create a) image. However, one major blem with the JVC system is t it flickers constantly, distracting the viewer.

Stereographics Corp. in San Ra-, California, one of the leading pliers of video stereographics terials, has developed a 3-D vid-shuttering system that is free of kers. The company has chosen, wever, to market its system in industrial, military and medical kets.

The market for 3-D movies, vid-or film, is cyclical, with 3-D ing primary use in promotional s, scientific and technical pre-tations, and attractions at ne parks. Disney World has a 3-D film called "Captain EO," ch stars the singer Michael kson, opening in September.

estment Falls in Indonesia

Reuters

AKARTA — Net foreign in-ment in Indonesia fell by more 1 60 percent in the first six ths of this year, the govern-t's Investment Coordinating rd said Thursday.

European Coal and Steel Community

U.S. $50.000.000.-8 ¼% 1977-1989

NOTICE OF EARLY REDEMPTION

Notice is hereby given to the Holders of the above mentioned Notes, that the Commission of the European Communities will proceed to the early redemption of the total of the outstanding Notes i.e. U.S. $32.000.000.- at 100 ½% of their principal amount on October 1st, 1986.

Interest accruing on the outstanding Notes will cease as of that same date.

Luxembourg, August 28, 1986

ENERGY SEARCH ONE N.V.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of Shareholders of Energy Search One N.V., hereinafter called "the Company", will be held at the Company's offices at John B. Gorsiraweg 6, Willemstad, Curaçao, Netherlands Antilles, on Wednesday 24th September, 1986 at 10.00 a.m. (Curaçao time), for the following purposes:

1. To report on the condition of the Company;
2. To adopt the Consolidated Financial Statements of the Company and its subsidiaries for the year ended December 31, 1985 together with related schedules;
3. To (re-)elect the Managing Director;
4. To (re-)elect the Members of the Supervisory Board;
5. To (re-)appoint Peat, Marwick, Mitchell & Co. as the Company's auditors;
6. Any other business which may properly come before the Meeting.

In order to exercise their rights at this meeting, holders of bearer shares must establish their ownership of such shares in a manner satisfactory to the Chairman of the Meeting. Such ownership may be established by depositing such shares at the office of the Company or at Pierson, Heldring & Pierson N.V. Herengracht 214, Amsterdam, the Netherlands (or a certificate of deposit of these shares satisfactory to the Managing Director or to Pierson, Heldring & Pierson N.V.) not later than 17th September, 1986 and to produce proof thereof at the Meeting. The managing Director has established 12th September, 1986 as the record date for the purpose of determining Shareholders entitled to vote registered shares at this Annual General Meeting of Shareholders of the Company, and Shareholders as of the close of business on 12th September, 1986 shall be entitled to vote at such Meeting in person or by proxy. Information related to item 2 of the agenda is available at the offices of the Company and Pierson, Heldring & Pierson N.V.

Willemstad, Curaçao
29th August, 1986

Caribbean Management Company N.V.
Managing Director

NOTICE TO HOLDERS OF

AJINOMOTO CO., INC.
U.S. $120,000,000
5¾ per cent. Bonds Due 1990 with Warrants
U.S. $40,000,000
7¾ per cent. Convertible Bonds Due 1995
U.S. $40,000,000
5¼ per cent. Convertible Bonds Due 1996
U.S. $120,000,000
3 per cent. Convertible Bonds Due 1999

BANK OF TOKYO (CURAÇAO) HOLDING N.V.
(Formerly Curaçao Tokyo Holding N.V.)
U.S. $25,000,000
8¾ per cent. Guaranteed Bonds Due 1988

THE DAIEI, INC.
U.S. $50,000,000
6¼ per cent. Convertible Bonds Due 1994

FUJITSU LIMITED
U.S. $90,000,000
5½ per cent. Convertible Bonds Due 1996
U.S. $180,000,000
3 per cent. Convertible Bonds Due 1999

ITO-YOKADO CO., LTD.
U.S. $50,000,000
5⅞ per cent. Convertible Debentures Due August 31, 1993
U.S. $60,000,000
5⅞ per cent. Convertible Debentures Due August 31, 1996

JACCS CO., LTD.
U.S. $25,000,000
7½ per cent. Convertible Bonds Due 1995
U.S. $25,000,000
5½ per cent. Convertible Bonds Due 1996

HONDA MOTOR CO., LTD.
U.S. $50,000,000
5½ per cent. Convertible Bonds Due 1989

MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.
U.S. $100,000,000
6⅞ per cent. Convertible Debentures Due November 20, 1990

MITSUBISHI CORPORATION
U.S. $60,000,000
6⅞ per cent. Convertible Debentures Due 1991
U.S. $40,000,000
6 per cent. Convertible Bonds Due 1992
U.S. $60,000,000
6½ per cent. Convertible Debentures Due 1994

NISSHO IWAI CORPORATION
U.S. $40,000,000
8 per cent. Convertible Bonds Due 1996

TOKYU CORPORATION
U.S. $70,000,000
7⅞ per cent. Convertible Bonds Due 1995

NOTICE IS HEREBY GIVEN that, in accordance with the provisions of the relevant Agency Agreement between The Bank of Tokyo Trust Company, acting through its London office, as Paying Agent and, in certain of the issues listed above, Conversion Agent, Warrant Agent, Custodian's Agent and/or Replacement Agent and the various companies listed above relating to the above mentioned bonds, debentures and warrants, The Bank of Tokyo Trust Company acting through its London office, has elected to resign its office as Paying and Conversion Agent and (where applicable) Warrant Agent, Custodian's Agent and Replacement Agent, such resignation to become effective as of 19th November, 1986 (the "Effective Date").

On the Effective Date, The Bank of Tokyo Ltd., acting through its London office located at Northgate House, 20/24 Moorgate, London, EC2R 6DH, will replace The Bank of Tokyo Trust Company acting out of its London office as Paying and Conversion Agent and (where applicable) Warrant Agent, Custodian's Agent and/or, as the case may be, Replacement Agent for the above mentioned bonds, debentures and warrants.

With effect from the Effective Date in any case where The Bank of Tokyo Trust Company, London office was appointed as the authorised agent of any issuer or guarantor to receive service of process on its behalf issuing out of the High Court of Justice in England in relation to the above bonds, debentures, warrants or coupons relating thereto, the authorised agent of such issuer and/or, as the case may be, guarantor shall be the person or persons registered for the time being as authorised to accept service of process on behalf of The Bank of Tokyo, Ltd. in England pursuant to Section 691 of The Companies Act, 1985 of Great Britain.

THE BANK OF TOKYO TRUST COMPANY
as Trustee and Principal Paying Agent
(but as Trustee only in the case of Mitsubishi Corporation $40,000,000 6% Convertible Bonds Due 1992.)

Dated: August 29, 1986

NOTICE OF REDEMPTION

To Holders of

Northwest International Finance N.V.
Northwest International Finance B.V.

9% Convertible Subordinated Debentures Due 1996
(Guaranteed on a Subordinated Basis by Northwest Energy Company)
and
16½% Subordinated Debentures Due 1996
(Guaranteed on a Subordinated Basis by Northwest Energy Company)

9% Convertible Subordinated Debentures Due 1996
(Guaranteed on a Subordinated Basis by Northwest Energy Company)

NOTICE IS HEREBY GIVEN, that, pursuant to the provisions of the Indenture dated as of July 15, 1981 among Northwest International Finance N.V., Northwest International Finance B.V. (collectively "the Issuers"), Northwest Energy Company, as Guarantor (the "Guarantor"), and The Chase Manhattan Bank, N.A., as Trustee (the "Trustee"), as supplemented and modified by that certain First Supplemental Indenture dated as of January 1, 1984 (the "First Supplemental Indenture"), all of the Issuers' 9% Convertible Subordinated Debentures Due 1996 (the "9% Debentures"), will be redeemed on September 25, 1986 (the "Redemption Date") at a Redemption Price of 105% of the principal amount thereof (the "Redemption Price") together with interest accrued on the principal amount (including additional interest, if any) to the Redemption Date. The proceeds of a U.S. $1,000 9% Debenture upon redemption including accrued interest will be U.S. $1,067.50.

The 9% Debentures are no longer convertible into 16½% Subordinated Debentures Due 1996.

Conversion of 9% Debentures into Cash

As an alternative to redemption, holders of 9% Debentures have the right as more fully set forth in the First Supplemental Indenture to convert 9% Debentures in whole or in part into a cash price of U.S. $1608.2469 per U.S. $1000 principal amount of 9% Debentures which is equivalent to the conversion rate of 41.2371 shares of Common Stock of the Guarantor (the "Common Stock") per $1000 principal amount of 9% Debentures multiplied by $39.00 which was the value of the Common Stock immediately prior to the Effective Date on which Williams Northwest Company merged with and into the Guarantor.

INASMUCH AS THE AMOUNT OF CASH RECEIVABLE UPON CONVERSION OF THE 9% DEBENTURES SUBSTANTIALLY EXCEEDS THE AMOUNT OF CASH WHICH WOULD BE RECEIVED UPON REDEMPTION, HOLDERS OF 9% DEBENTURES SHOULD CONVERT THEIR 9% DEBENTURES ON OR BEFORE THE REDEMPTION DATE, AT WHICH TIME THE RIGHT TO CONVERT THEIR 9% DEBENTURES INTO CASH WILL TERMINATE.

IN ORDER TO BE CONVERTED, 9% DEBENTURES (WITH THE CONVERSION NOTICE COMPLETED AND SIGNED) MUST BE RECEIVED BY THE TRUSTEE AT THE OFFICES SPECIFIED BELOW PRIOR TO THE CLOSE OF BUSINESS ON THE REDEMPTION DATE.

16½% Subordinated Debentures Due 1996
(Guaranteed on a Subordinated Basis by Northwest Energy Company)

NOTICE IS ALSO HEREBY GIVEN, that, pursuant to the provisions of the Indenture dated as of July 15, 1981 among Northwest International Finance N.V., Northwest International Finance B.V. (collectively "the Issuers"), Northwest Energy Company, as Guarantor, and The Chase Manhattan Bank, N.A., as Trustee (the "Trustee"), as supplemented and modified by that certain First Supplemental Indenture dated as of January 1, 1984, all of the Issuers' 16½% Subordinated Debentures Due 1996 (sometimes the "16½% Debentures" and together with the 9% Debentures sometimes the "Debentures") will be redeemed on September 25, 1986 (the "Redemption Date") at a Redemption Price of 105% of the principal amount thereof (the "Redemption Price") together with interest accrued on the principal amount (including any additional interest, if any) to the Redemption Date. The proceeds of a U.S. $1,000 16½% Debenture upon redemption including accrued interest will be U.S. $1,082.08.

The following provisions are applicable to both 9% and 16½% Debentures:

On the Redemption Date, the Redemption Price together with interest accrued on the principal amount (including additional interest, if any) will become due and payable upon each such Debenture and, upon surrender of the Debentures together with all coupons, if any, appertaining thereto maturing after the Redemption Date, the Redemption Price together with interest accrued on the principal amount (including additional interest, if any) to the Redemption Date will be paid. On and after the Redemption Date, interest on the Debentures will cease to accrue. Debentures together with all coupons, if any, appertaining thereto maturing after the Redemption Date should be surrendered for redemption at any one of the following offices of the Trustee and the paying agents as follows:

The Chase Manhattan Bank, N.A.
1 New York Plaza—14th Floor
New York, New York 10081
Attention: Corporate Bond Redemptions

The Chase Manhattan Bank, N.A.
63 Rue du Rhône
1204 Geneva, Switzerland

Nederlandse Credietbank, N.V.
Herengracht 458
Amsterdam, The Netherlands

Berliner Handels-und Frankfurter Bank
10 Bockenheimer Landstrasse
Frankfurt/A.M.1, West Germany

The Chase Manhattan Bank, N.A.
Woolgate House, Coleman Street
London, EC 2P 2HD, England

Chase Manhattan Bank, Luxembourg S.A.
47 Boulevard Royale, CP240
Luxembourg, Luxembourg

Banque de Commerce S.A.
51/52 Avenue des Arts
Brussels, Belgium

Banque de Paris et des Pays-Bas
3 Rue d'Antin
Paris 2E, France

A form of Letter of Transmittal for use in transmitting your Debentures is available at any of the above-named paying agents:

Payment upon presentation of Debentures for redemption or conversion to the paying agent in New York, New York, or other payment made within the United States, including by transfer to a United States dollar account maintained by the payee with a bank in the Borough of Manhattan, the City of New York, may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds (including premium) and accrued interest if the payee fails to provide the paying agent with an executed IRS Form W-8 in the case of certain non-U.S. persons or an executed IRS Form W-9 in the case of a U.S. person or certain other non-U.S. persons. No such backup withholding will be required in the case of presentation of Debentures for redemption or conversion with a paying agent outside of New York, New York, if payment is made outside of the United States. Information reporting to the IRS will only be required upon such payment made outside the United States if made to U.S. persons in certain circumstances. Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to an IRS penalty of U.S. $50. Accordingly, please provide all appropriate certification when presenting the Debentures for payment upon redemption or conversion.

Northwest International Finance N.V.
Northwest International Finance B.V.
Northwest Energy Company

By: THE CHASE MANHATTAN BANK,
(National Association),
as Trustee

Dated: August 22, 1986

Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

AMEX Highs-Lows

NEW HIGHS 28

Amdahl, AmTrEx un, Arundel, Claremont, Equityrd n, FreqElct s, HomeShop n, HmeShop wi, OhioArt Co, OzarkHldg, PGE 15pf, PGE 137pfB, PGE 120pfG, PGE 196pfM, PGE 225pfL, PGE 248pfK, PGE 232pfJ, PLts 43pf, PLts 44pf, PLts 45pf, PLts 475pf, Pittway Cp, Pizzainn, SCE 758pf, TelephData, VernitAm, Viatech Inc, WIRET

NEW LOWS 12

ESD, IRT Corp, LePointe, LearPIPart, LillyEli un, LoriCp, PSE Inc n, PatientTch, PetroLew, Tortel, TurnerCp, WstBrdC

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s). b — annual rate of dividend plus stock dividend. c — liquidating dividend. cld — called. d — new yearly low. e — dividend declared or paid in preceding 12 months. g — dividend in Canadian funds, subject to 15% non-residence tax. i — dividend declared after split-up or stock dividend. j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k — dividend declared or paid this year, an accumulative issue with dividends in arrears. n — new issue in the past 52 weeks. The high-low range begins with the start of trading. nd — next day delivery. P/E — price-earnings ratio. r — dividend declared or paid in preceding 12 months, plus stock dividend. s — stock split. Dividend begins with date of split. sls — sales. t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u — new yearly high. v — trading halted. vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd — when distributed. wi — when issued. ww — with warrants. x — ex-dividend or ex-rights. xdis — ex-distribution. xw — without warrants. y — ex-dividend and sales in full. yld — yield. z — sales in full.

Floating-Rate Notes

Aug. 28

Dollars — Pounds Sterling — Deutsche Marks — E.C.U. — Japanese Yen

Source: Credit Suisse-First Boston Ltd., London

ADVERTISEMENT

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 28 August 1986

Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The marginal symbols indicate frequency of quotations supplied: (d) — daily; (w) — weekly; (b) — bi-monthly; (r) — regularly; (i) — irregularly.

AL MAL MANAGEMENT; BANK JULIUS BAER & CO. Ltd.; BAII MULTICURRENCY; BNP INTERFUNDS; BANQUE INDOSUEZ; BRITANNIA, POB 271, St. Helier, Jersey; BROADGATE INTERNATIONAL FUND; CAPITAL INTERNATIONAL; CITICORP INVESTMENT BANK (Lux.); CREDIT SUISSE (ISSUE PRICES); DREXEL BURNHAM LAMBERT INC; DIT INVESTMENT FFM; EBC TRUST CO. (JERSEY) LTD.; TRADED CURRENCY FUND; INTERNATIONAL INCOME FUND; F&C MGMT. LTD. INV. ADVISERS; FIDELITY POB 670, Hamilton Bermuda; FORBES PO B887 GRAND CAYMAN; GARTMORE FUND MANAGERS INT.; CAPITAL STRATEGY FD. LTD.; CAPITAL STRATEGY PORTFOLIO LTD.; GEFINOR FUNDS; GLOBAL ASSET MANAGEMENT CORP.; G.T. MANAGEMENT (UK) Ltd.; HILL SAMUEL INVEST. MGMT. INTL. S.A.; JARDINE FLEMING, POB 70 GPO Hg Kg; LLOYDS BANK PLC, POB 438, Geneva 11; NIMARBEN; OBLIFLEX LIMITED; ORANGE NASSAU GROUP; PARISBAS-GROUP; PUTNAM; ROYAL B. CANADA, POB 246, GUERNSEY; SKANDIFOND INTL FUND; SVENSKA INTERNATIONAL LTD.; SWISS BANK CORP. (ISSUE PRICES); THORNTON MANAGEMENT LTD; UNION BANK OF SWITZERLAND; UNION INVESTMENT Frankfurt

Other Funds

DM - Deutsche Mark; BF - Belgium Francs; FL - Dutch Florin; LF - Luxembourg Francs; ECU - European Currency Unit; SF - Swiss Francs; a - asked; + - Offer Prices; b - bid change P/V $10 to $1 per unit; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; *** - Gross Performance Index December; ● - Redempt. Price - Ex-Coupon; ** - Formerly Worldwide Fund Ltd; @ - Offer Price incl. 3% prelim. charge; ++ - daily stock price as on Amsterdam Stock Exchange

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

Tokyo Pacific Holdings N.V.
Tokyo Pacific Holdings (Seaboard) N.V.

The Quarterly Report as of 30th June 1986 has been published and may be obtained from:

Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam

National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ

N.M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU

L'Européenne de Banque, 21 Rue Laffitte, Paris 9

Trinkaus & Burkhardt, Königsallee 21-23, D 4000, Düsseldorf 1

Sal. Oppenheim jr. & Cie., Unter Sachsenhausen 4, D 5000, Köln 1

Banque Paribas Belgique S.A., Boulevard Emile Jacqmain 162, B 1000, Bruxelles

Banque Paribas, 3 Rue d'Antin, Paris 2

Banque Paribas (Luxembourg) S.A., 10a Boulevard Royal, Luxembourg

Merrill Lynch International & Co., all European Offices

Rothschild Australia Limited, Royal Exchange Building, 56 Pitt Street, Sydney N.S.W. 2000

هكذا من الأصل

مأخوذة من الأصل

CURRENCY MARKETS

Dollar Mixed in Ambivalent Trading

Compiled by Our Staff From Dispatches

NEW YORK — The dollar was mixed Thursday, rebounding in New York after closing generally lower in Europe. Dealers said its immediate future course hangs on U.S. trade figures for July to be released Friday.

Foreign markets had little immediate reaction to the Bundesbank's announcement following its regular council meeting that it would not lower its 3.5-percent discount rate. Reaction in Europe was also ambivalent to the release later in the day of July data on U.S. leading indicators.

The indicators rose 1.1 percent last month, higher than many predictions. But the June figure was revised to a 0.4-percent decline from the 0.3-percent rise reported last month.

New York traders responded more favorably to the report. Dealers there, however, said they expect some slippage after the Labor Day holiday on Monday.

In New York, the dollar rose to 2.0525 Deutsche marks from 2.0455 on Wednesday; to 6.72 French francs from 6.703; to 1.655 Swiss francs from 1.6448, and to 156.1 yen from 154.75. The British pound slipped to $1.477 from $1.4835.

In Europe, the dollar was also weighed down by rumors that Friday's July trade figures would show a $16-billion deficit, far higher than the $13.2-billion shortfall that has been forecast.

In London, the dollar closed at 2.0487 DM, up from 2.0445 DM on Wednesday. The pound slipped to $1.4815 from $1.4845.

In Tokyo, though, the dollar was weaker, closing at 154.9 yen from 155.05 on Wednesday.

Comments by Henry Kaufman, the influential chief economist at Salomon Brothers Inc., that U.S. monetary policy should "err even further on the side of accommodation," had only a short-term impact on the market.

He said total U.S. debt — government, household, business and the financial sector — is so overwhelming that the Federal Reserve Board must risk rekindling inflation if the economy is to avoid a deep recession.

In other European trading, the dollar was fixed at 2.0469 DM in Frankfurt, down from 2.0595 DM on Wednesday, and at 6.7025 French francs in Paris, down from 6.74. In Zurich it closed at 1.6493 Swiss francs, up from 1.6487.

Gold surged about $6 an ounce, paced by a $22 rise in platinum, which closed at $614.90 an ounce in New York, up from Wednesday's $592.70 and the highest price for the precious and strategic metal since December 1980.

Gold rose $6 in Zurich to $386 an ounce, and $4.50 in London to $385.50.

Platinum prices have been climbing for weeks. Political unrest in South Africa, the world's major producer, has threatened supply at a time that industrial and strategic demand is rising.

But Thursday's surge was prompted by the Impala mine, one of two major platinum mines in South Africa, which announced that it was raising its price to $600 an ounce from $475.

(UPI, Reuters)

London Dollar Rates

Closing	Thu.	Wed.
Deutsche mark	2.0487	2.0445
Pound sterling	1.4815	1.4845
Japanese yen	155.95	154.70
Swiss franc	1.6507	1.6449
French franc	6.7077	6.6971

Source : Reuters

BONN: *Weapons Industry Pushes Government to Relax Export Restrictions*

(Continued from Page 1)

2 percent in 1976-80, 1.4 percent in 1971-75 and 0.9 percent in 1966-70.

For such conglomerates as Daimler-Benz AG and Messerschmitt-Bölkow-Blohm GmbH, both of which have made important acquisitions in the high-technology and military fields recently, greater access to world markets would increase worldwide recognition of their advances in electronics and engineering.

Although both the automaker Daimler and the aerospace leader MBB have gone to lengths to emphasize the civilian aspects of their recent acquisitions, much of the revenue at new Daimler subsidiaries, Dornier GmbH, MTU Turbinen-Union GmbH and AEG AG, is weapons-related, as is that at Krauss-Maffei AG, a tank maker that recently was placed under the control of a consortium led by MBB.

Industry estimates put weapons and related production at MTU at about 70 percent of total revenue; at Dornier, about 50 percent, and at AEG, about 12 percent.

Krauss-Maffei, the prime contractor for West Germany's Leopard II advanced tank, is said to have the highest concentration in arms production of all West German companies, at 75 to 80 percent of total revenue.

In sales, Daimler has emerged as the preeminent West German arms maker through its recent acquisitions, totaling 2.6 billion DM. Daimler, with consolidated world group sales of more than 50 billion DM a year, is West Germany's largest company.

Daimler, a company flush with cash and plans for diversification, has placed under its roof Dornier's experience in cockpit technology and production of military trainer jets; MTU's expertise in building diesel engines for Leopard II tanks and jet engines for the Tornado fighter, and AEG's established role in both military communications systems and navy shipbuilding.

MBB, West Germany's leading aerospace group, has said it hopes to combine its own development of the Roland missile-carrying armored vehicle with tank technology at Krauss-Maffei.

As a buffer against the current slump in tank building, Bonn recently extended procurement plans for the Leopard II to include 150 *new Leopards, at a cost of about* 5.5 million DM each. But that will not be enough to keep plants busy through the mid-1990s, when the government, which has purchased 1,950 Leopard IIs already, is expected to place firm orders for a modernized version of the tank.

Beyond 380 Leopard IIs sold to Switzerland and 445 sold to the *Netherlands, foreign sales* prospects are limited, Krauss-Maffei officials say. Hopes are centered on talks with the Swedish government on the sale of Leopard IIs for delivery in the mid-1990s.

In aerospace, the immediate outlook is also rather glum. NATO orders for the Tornado fighter, built by a West German, British *and Italian consortium that in*cludes MBB as a major partner, are expected to run out soon.

The completion of 849 orders for the Tornado from the partner governments, plus 72 from Saudi Arabia and 8 from Oman, will keep production going until 1992. That will create a three-year gap before the new European Fighter Aircraft, designed by the same Panavia Aircraft consortium, is expected to go into production, in the mid-1990s.

Gerhard Haas, a board member at Krauss-Maffei in charge of arms production, sees little ground for optimism for the arms industry in the next five years.

"What is certain is that demand from the Bonn government and the governments of the other NATO nations is insufficient to cover the current capacity needs of the West *German arms industry," he said.* "That is why it certainly would be welcome if Bonn set its arms-export policy on the same open-ended terms as the British, French or Italian governments.

"At the present time, I'm of the opinion that Bonn will pursue the same policy on restricting arms exports as in the past — for the simple reason of politics and history."

Mr. Haas's company has been battered by a collapse in tank orders; there was a 50-percent drop in military orders in the first four months of this year. He estimates that several thousand workers will be squeezed out of jobs in the West German tank-building industry before the decade's end.

Tomorrow: West Germany's efforts to ease restrictions on arms exports.

COLECO: *A New Patch*

(Continued from first finance page)

dustry." He added: "We are human. The mistake in Adam wasn't its concept and approach to the market. It was one in execution."

The mistake for a time loomed large on Wall Street, where professional stock traders used the Adam fiasco as an opportunity to beat down Coleco's shares. The Adam was finally discontinued in 1984, producing a loss that year for the company of $118.6 million.

Coleco's fortunes rebounded with the Cabbage Patch Kids. The round-faced but basically homely dolls, each with adoption papers and its own name, became an international cultural phenomenon. In 1983, with the line in short supply, Coleco sold $69 million of the dolls between June and December. The following year, sales were $540 million, followed by 1985's $600 million.

"None of us ever expected Cabbage Patch to be as big as it was," said Mr. Greenberg, who signed a licensing agreement for the doll with Mr. Roberts' Original Appala*chian Art Co. in 1982.* The success, Mr. Greenberg added, was founded in the most "extraordinary bonding experience that ever existed in the toy industry." Analysts also credit the extraordinary amount of free publicity that the Cabbage Patch craze generated.

Mr. Greenberg says he remains happy with the line. "What we are seeking to do is make the Cabbage Patch Kids America's dolls," he added.

Coleco's stock, which trades on the New York Stock Exchange, obviously ebbs and flows with the fate of the company's product lines. Wednesday's close of $10.75 is well below the stock's high of more than $21 a share in the past 52 weeks, and only slightly better than its low of $9.625.

Put simply, Wall Street is more interested in Coleco's reduced earnings this year than its prospects for the future. "The decline in Cabbage Patch has been so significant," said Steven Eisenberg of Bear, Stearns & Co., that "the new toys will hardly pick up the slack."

But the analysts agree that better times are ahead next year, as the company continues to adjust to the Cabbage Patch slowdown.

THE EUROMARKETS

First Danish Kroner FRN Emerges

By Christopher Pizzey
Reuters

LONDON — The primary Eurobond market was very active Thursday, with two large dollar floating-rate-note issues emerging along with the first floater denominated in Danish kroner.

But the secondary market once again ended little changed, with a series of conflicting signals tending to drive many operators to the sidelines, dealers said.

The dollar-straight sector had a couple of new bond issues but dealers said demand seemed slow, with many investors feeling that the market was set to fall in the near future.

Banque Nationale de Paris launched a $400-million perpetual FRN paying 7⅛ basis points over the six-month London interbank offered rate, the tightest terms yet for a perpetual.

In European trading, it quickly jumped up to a high of 100.30. It ended at 100.21.

A dealer at a house involved in the issue said: "I think BNP could have still had a success with a tighter issue. They probably didn't want to be the first borrower to pay just 1/16 point over Libor for a perpetual."

Relatively late in the day, a $400-million, 12-year note issue was launched by Morgan Guaranty Ltd. for Ireland. The issue pays the six-month London interbank bid rate with no margin and had a price of 100.20.

Dealers and syndicate managers said the issue was too tightly priced. It ended locked at 100.05 with the brokers, outside the cost to co-managers, but just on the total fees of 15 basis points.

The Danish krone market saw its first ever floating-rate note. The seven-year issue was for A/S Nevi and was lead-managed by Kansallis Banking from London. The issue totaled 500 million kroner and was launched in two tranches.

Each tranche pays ⅛ point over Libor.

The two tranches were each quoted at 99.72, just inside the total fees of 35 basis points.

M-1 in U.S. Increased $3.1 Billion in Week

Reuters

NEW YORK — The basic measure of the U.S. money supply, M-1, rose $3.1 billion to a sensonally adjusted $688.1 billion in the week ended Aug. 18, the Federal Reserve said Thursday.

The previous week's M-1 level was revised to $685 billion from $684.9 billion, while the four-week moving average rose to $682.5 billion from $679.9 billion.

DEREGULATION: *The Debate Is Revived in U.S.*

(Continued from first finance page)

because of fewer nonstop flights. Such amenities as free drinks and baggage handling have also been reduced, a particular annoyance to passengers who are not benefiting from discounted fares.

And since the government has no longer been protecting inefficient carriers, high-cost operators have been especially hard hit by competitive pressures. Some, including Braniff Airways and Continental Airlines, were forced to seek bankruptcy protection while trying to adapt.

Customers, including those of Frontier, have sometimes had to scramble to find alternative flights on short notice when some financial crisis forced wholesale cancellations.

Moreover, the dizzying proliferation of various kinds of fares, even though generally lower, has been a mixed blessing. For example, this week American Airlines offers 26 different fares between New York and California that range from $198 for an economy round-trip ticket purchased in advance and requiring a Saturday night stopover, to $1,470 for an unrestricted first-class round-trip ticket.

Travel agents and other comparison shoppers say the vast array of prices and conditions frequently makes it all but impossible to pick the one that is most favorable.

But these drawbacks and the upheaval now threatening the existence of Frontier, its People Express parent, Eastern and other carriers do not prove that deregulation is a mistake, many industry analysts said.

Other factors have been at work. One is the 1981-82 recession that caused a sharp reduction in air travel, especially on highly profitable business routes, such as New York-Chicago. Another is bad decisions by individual airline managements that may have done no better under the old system.

"It's hard to separate" the impact of the various forces, said John V. Pincavage, airline specialist at Paine, Webber Inc. "There's too much water under the dam."

In the case of Frontier, he added, a once satisfactorily managed carrier with "reasonable" financial strength found itself run by overly ambitious new owners. In addition, Frontier was competing with two other airlines — the giant United and a revamped, low-cost Continental — that also use Denver as their hub, the only city where more than two carriers compete this way.

While combinations prompted by the financial distress of the weak and the opportunism of the strong have come to worry Mr. Kahn, the former CAB head, he nonetheless remains a strong defender of the deregulatory process. Mr. Kahn is now a professor at Cornell University

"I do not think deregulation went too far," he said. And provided the antitrust laws are actively enforced, he said, the industry could consolidate into five or six major systems without becoming overly concentrated.

Because it is relatively easy both for new competitors to enter the business and for existing carriers to redeploy resources, said Lee R. Howard, executive vice president of Airline Economics Inc., a Washington consultant, "the threat of competition is always there" to regulate the system if, for example, fares on a given route are raised too high.

NEW HIGHS

Arundel
Homebanc pf
PCS Inter pf
PLM Int pf
Pizzeria
Softech Inc

NEW LOWS

La Petite
PSE Inco
TurnerCo

Pounds Sterling

ECU

Deutsche Mark

Japanese Yen

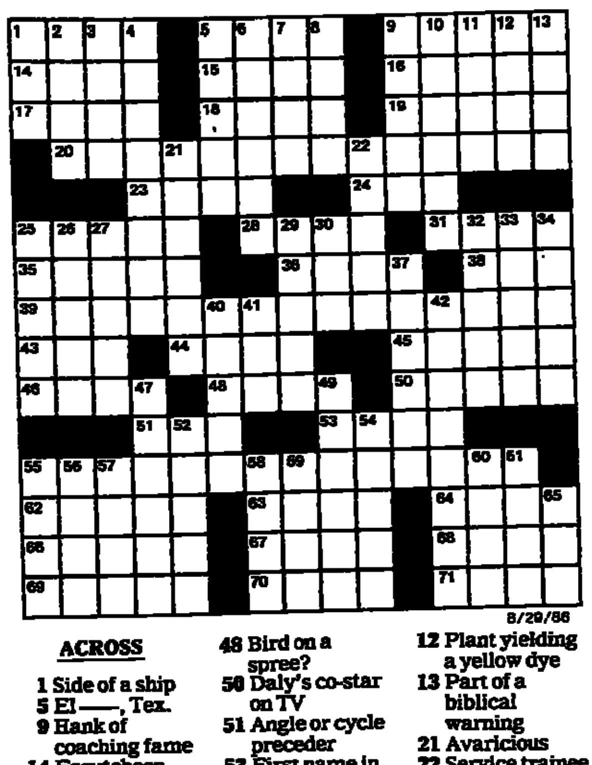
Swiss Franc

French Franc

Thursday's OTC Prices

NASDAQ prices as of 3 p.m. New York time.

Via The Associated Press



8/29/86

ACROSS

1 Side of a ship
5 El ——, Tex.
9 Hank of coaching fame
14 Escutcheon border
15 Hedda Hopper tidbit
16 "Oh, give me ——..."
17 Happy
18 Satirist Freberg
19 Claudel's "The —— Slipper"
20 LIMES
23 Gator's kin
24 Salty assent?
25 Wartime riveter
28 Keep this under your hat
31 Climatic problem
35 Solitary
36 Give —— up (help)
38 Cider gal of song
39 BEVEL STAGE
43 —— Porath, Swedish film actor
44 Place with a lock on education
45 Italian meter man
46 When a signorina sups
48 Bird on a spree?
50 Daly's co-star on TV
51 Angle or cycle preceder
53 First name in stunts
55 APE TOOTS
62 Heavenly butter?
63 M.P.'s captive
64 "Heroides" poet
66 Drummer Shelly
67 Descartes
68 Egyptian flower
69 Alamogordo event
70 Biblical dill
71 Snail-paced

DOWN

1 Marshland
2 Perry's creator
3 He gets Alda glory
4 Intern's study
5 —— Beach, Calif.
6 Fasten (to)
7 Act the usher
8 Hawks' home
9 Impudent
10 North Sea feeder
11 French butcher's product
12 Plant yielding a yellow dye
13 Part of a biblical warning
21 Avaricious
22 Service trainee
25 —— fizz (gin drink)
26 Salad ingredient
27 Bobby-——
29 Rarin' to go
30 Hood's drink
32 "Now We Are Six" author
33 "Golden Boy" playwright
34 Argon and neon
37 Doohickey
40 Well-founded
41 Guido note
42 They may be sent up in trials
47 Acropolis site
49 Organic compound
52 Button on a lane
54 Domestic staff member
55 —— Cass
56 Smell —— (suspect)
57 Trig function
58 Kind of phrase?
59 Author Wister
60 Sinister
61 Rustic sight
65 "The Foggy, Foggy ——"

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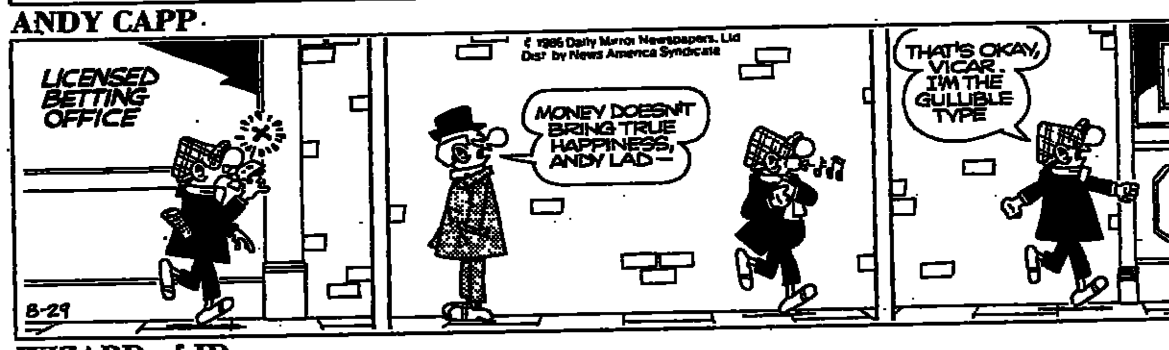
PEANUTS

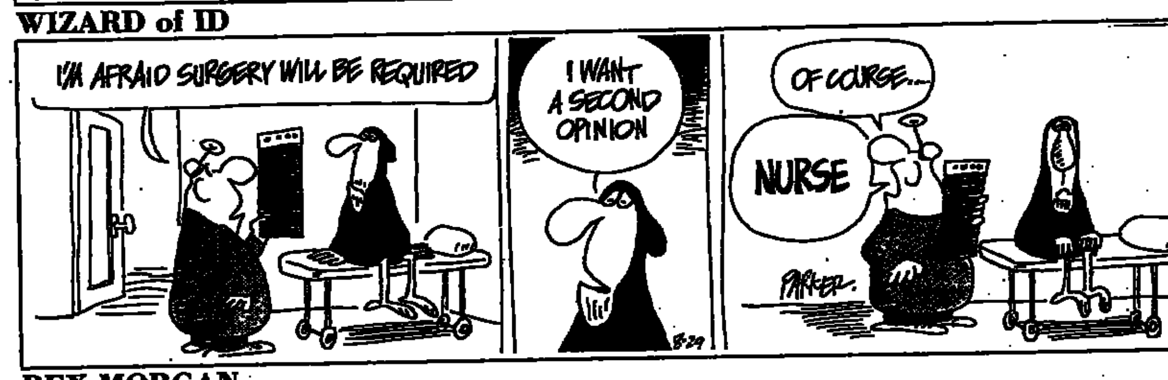
BLONDIE

BEETLE BAILEY

ANDY CAPP



WIZARD of ID



REX MORGAN

GARFIELD

DENNIS THE MENACE

"CAN I GO ALONG AND LISTEN TO DAD PLAY GOLF?"

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

VABER

WOYLL

FADGYL

NURTHE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: (Answers tomorrow)

Yesterday's | Jumbles: EATEN FENCE HINDER DETAIN
Answer: Goliath was surprised by what David did because such a thing had never this before—ENTERED HIS HEAD

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	26	79	18	64	fr
Amsterdam	14	57	12	54	sh
Athens	32	90	21	70	fr
Barcelona	22	72	15	59	o
Belgrade	34	93	15	59	fr
Berlin	21	70	11	52	fr
Brussels	15	59	8	46	st
Bucharest	30	86	14	57	cl
Budapest	29	84	14	57	cl
Copenhagen	16	61	12	54	cl
Costa Del Sol	35	95	24	75	fr
Dublin	15	59	7	45	sh
Edinburgh	15	59	7	45	o
Florence	24	75	21	70	o
Frankfurt	18	64	10	50	cl
Geneva	18	64	7	45	o
Helsinki	11	52	6	43	r
Istanbul	28	82	20	68	cl
Las Palmas	27	81	22	72	fr
Lisbon	22	73	16	61	fr
London	16	61	8	46	o
Madrid	26	79	13	55	fr
Milan	23	73	18	64	cl
Moscow	18	64	8	46	r
Munich	14	57	11	52	r
Nice	22	72	18	64	cl
Oslo	11	52	8	46	r
Paris	17	63	10	50	cl
Prague	16	61	10	50	r
Reykjavik	12	54	5	41	cl
Rome	30	86	20	68	fr
Stockholm	18	64	9	48	o
Strasbourg	18	64	9	48	o
Venice	24	75	18	64	r
Vienna	15	59	13	55	r
Warsaw	17	63	10	50	o
Zurich	13	55	11	52	o
MIDDLE EAST					
Ankara	36	97	14	57	fr
Beirut	—	—	—	—	na
Damascus	—	—	—	—	na
Jerusalem	30	86	17	63	fr
Tel Aviv	32	90	22	72	fr
OCEANIA					
Auckland	12	54	8	46	r
Sydney	20	68	10	50	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	25	77	r
Beijing	33	91	22	72	st
Hong Kong	33	91	28	82	fr
Manila	29	84	23	73	o
New Delhi	36	97	25	77	fr
Seoul	24	75	19	66	r
Shanghai	27	81	23	73	fr
Singapore	32	90	26	79	o
Taipei	34	93	26	79	fr
Tokyo	31	88	25	77	fr
AFRICA					
Algiers	32	90	18	64	fr
Cairo	35	95	23	73	fr
Cape Town	17	63	10	50	fr
Casablanca	25	77	21	70	cl
Harare	25	77	15	59	fr
Lagos	26	79	24	75	o
Nairobi	23	73	13	55	o
Tunis	36	97	22	72	fr
LATIN AMERICA					
Buenos Aires	24	75	14	57	o
Caracas	—	—	—	—	na
Lima	21	70	13	55	cl
Mexico City	25	77	13	55	cl
Rio de Janeiro	26	79	19	66	fr
NORTH AMERICA					
Anchorage	14	57	9	48	sh
Atlanta	26	79	21	70	sh
Boston	18	64	16	61	sh
Chicago	21	70	6	43	pc
Denver	29	84	12	54	fr
Detroit	19	66	6	43	pc
Honolulu	32	90	24	75	fr
Houston	32	90	23	73	st
Los Angeles	34	93	21	70	fr
Miami	33	91	25	77	pc
Minneapolis	20	68	6	43	fr
Montreal	25	77	16	61	r
Nassau	34	93	23	73	fr
New York	20	68	17	63	pc
San Francisco	20	68	14	57	pc
Seattle	28	82	17	63	pc
Toronto	27	81	14	57	pc
Washington	25	77	10	50	pc

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

FRIDAY'S FORECAST — CHANNEL: Slight to moderate. FRANKFURT: Cloudy becoming stormy. Temp. 17—10 (63—50). LONDON: Partly cloudy with showers. Temp. 17—7 (63—45). MADRID: Partly cloudy. Temp. 27—12 (81—54). NEW YORK: Fair. Temp. 21—14 (70—57). PARIS: Partly cloudy with showers. Temp. 17—9 (63—48). ROME: Cloudy. Temp. 28—19 (82—66). TEL AVIV: N.A. ZURICH: Cloudy becoming stormy. Temp. 15—10 (59—50). BANGKOK: Thunderstorms. Temp. 32—26 (90—79). HONG KONG: Fair. Temp. 32—28 (91—82). MANILA: Rain. Temp. 29—24 (84—75). SEOUL: Rain. Temp. 22—21 (72—70). SINGAPORE: Showers. Temp. 31—27 (88—81). TOKYO: Fair. Temp. 32—25 (90—77).

BOOKS

INTERVENTION: How America Became Involved in Vietnam

By George McT. Kahin. 550 pages. $24.95. Alfred A. Knopf, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by Murrey Marder

ON Memorial Day, President Ronald Reagan delivered one of his favorite succinct summations about the lessons to be learned from the Vietnam trauma: American troops fought "a terrible and vicious war without enough support from home." On other occasions the president says it was "a war our troops were not allowed to win."

Professor George McT. Kahin of Cornell University, a veteran scholar on the subject, seeks to demonstrate that from an early stage in its involvement the United States was locked into a losing cause. By 1966, he maintains in "Intervention," the United States had made all of its basic miscalculations, and he ends his study there. That was long before American support for the war crumbled, and almost a decade before the ignominious flight of the last Americans by helicopter from the roof of the U.S. embassy in Saigon.

His basic theme of wholly incompatible politics, cultures and interests is not unique, for it is part of every history of the war. Kahin, however, concentrates on this interaction as the least fully explored portion of the experience, and by drawing on four decades of research and 12,000 pages of declassified documents amplifying the Pentagon Papers, gives us much deeper insight — especially from the Vietnamese perspective.

The United States, Kahin asserts in his summation, denied to the South Vietnamese what it proclaimed to be the main objective of the war, "to insure that the South Vietnamese have the right and opportunity to control their own destiny." From Washington, American power and resources were employed to shape South Vietnam "into an instrument supportive . . . of U. S. strategic and geopolitical objectives," rather than South Vietnamese objectives.

His examples go far beyond the installation and overthrow of Ngo Dinh Diem as Saigon's ruler and other well-publicized American interference in Saigon's leadership choices. To Americans, Kahin points out, allowing South Vietnam to control its destiny meant freedom from North Vietnam's Communist reach. But to Saigon's leaders it also meant freedom from American control or direction — all the way up to freedom to decide how to fight the war, or quit it. If the United States had permitted real self-determination to operate in Saigon, Kahin points out, the Buddhist majority probably would have taken South Vietnam out of the war. That is precisely what American officials feared.

Ambassador Henry Cabot Lodge said in a White House meeting in 1965: "I don't think we ought to take this government seriously. There is simply no one who can do anything. We have to do what we think we ought to do regardless of what the Saigon government does. . . . We have the right and the duty." From the American viewpoint, the United States was the lopsidedly frustrated party, repeatedly balked by the inability of Saigon's revolving governments to win the "hearts and minds" of the South Vietnamese people, to develop democracy, and to fight the war effectively.

There is notable relevancy here for ongoing American foreign policy, even though the Reagan administration insists that congressional fears about stumbling into "another Vietnam" are sheer fantasy. Wherever the United States accords the accolade of "freedom fighter" to the foreign forces it recruits or supports, it runs some risk that it may become hostage to its own rhetoric.

Kahin, who has taught at Cornell since 1951, raised official Washington's hackles in 1967 with the earlier history he co-authored, "The United States in Vietnam." He is likely to do so again. This is not light summer reading; it is heavy with complex American-South Vietnamese collision, collusion and cross intrigue. But even generalists will find absorbing reading in this full documentation on Lyndon B. Johnson's weeks of agonizing over his decision to send major U. S. combat forces into Vietnam for the first time in 1965, after the American bombing of the North failed to slow the Viet Cong. This was a critical decision for Johnson. Kahin obtained amplifying declassified accounts that show Johnson probing his advisers far more thoroughly than he is generally credited with doing.

If he put in "10,000 more men" now, Johnson said, he could be told later "you need 500,000 more." Only Undersecretary of State George W. Ball had a clear-cut alternative: "cut losses" and quit, even though South Vietnam could fall. The other choices: "maintain present force and lose slowly," or "add 100,000 men" and "more next year," risking high casualties and maybe "a long war without victory."

Twenty-one years later, the actual loss to both the United States and South Vietnam of the course taken is still being totaled. It is tantalizing to speculate on what the American public reaction would have been if Johnson had revealed these options, along with the true state of the war and of the fundamental Washington-Saigon incompatibilities.

Murrey Marder, who reported on the diplomacy of the Vietnam War for The Washington Post throughout the 1960s and 1970s, wrote this review for the Post.

Solution to Previous Puzzle

PALL OVALS SMOG
AMOI LARUE PAPA
COOKIELAVAGETTO
ASTERISK OATEN
NONE FLARED
IBSEN ELATE
CANDYJONES DREW
EKE ANNEE URI
REEF PIETRAYNOR
ARENA POSSE
ARIOSE AGOG
ABELL GRADUATE
JELLYROLLMORTON
ALEE ADEEM TOTO
RETS HENNA SPEW

8/29/86

BRIDGE

By Alan Truscott

ON the diagramed deal from play in a regional tournament, the co-champions in the women's pair event were balanced on a knife-edge between triumph and disaster.

The bidding seemed likely to stop at a low level, but both sides found a fit and persevered. In one sense, East-West were right to bid four spades, because that contract fails by one trick and four diamonds succeeds.

But North pushed on to five diamonds. This would have been beaten by a heart lead, allowing that suit to be unblocked. But West led the spade two, showing an odd number of cards in the partnership style.

East correctly diagnosed a seven card suit, and on taking the ace, shifted to a heart. This was, in theory, too late but an endgame problem loomed. South took the heart ace and maneuvered without difficulty to reach this position:

NORTH
♠ —
♡ 9 7
◇ J 9 4
♣ 7

WEST
♠ K 10 8 7 5
♡ K
◇ —
♣ —

EAST
♠ J
♡ J 10
◇ —
♣ 9 8 6

SOUTH
♠ —
♡ 6 5 4
◇ 8 7
♣ 10

A heart lead at this point would have endplayed West, but South did not read the position correctly. She led to her club ten, and West seized the opportunity to throw her heart king with decisive effect.

NORTH (D)
♠ Q 4
♡ 9 7 3
◇ A K J 9 4
♣ A Q 7

WEST
♠ K 10 8 7 5 3 2
♡ K Q
◇ Q 2
♣ K 2

EAST
♠ A J 6
♡ J 10 8 2
◇ 10
♣ 9 8 6 4 3

SOUTH
♠ 9
♡ A 6 5 4
◇ 8 7 6 5 3
♣ J 10 5

Neither side was vulnerable. The bidding:

North	East	South	West
1 N.T.	Pass	Pass	2 ♠
Pass	Pass	3 ◇	3 ♠
4 ◇	4 ♠	Pass	Pass
5 ◇	Dbl.	Pass	Pass
Pass			

West led the spade two.

World Stock Markets

Via Agence France-Presse Aug. 28

Closing prices in local currencies unless otherwise indicated.

Amsterdam

	Close	Prev.
ABN	593.50	597
ACF Holding	350	350
Aegon	104.80	103.70
Akzo	156.80	158.20
Ahold	95.30	97.20
Amev	75.50	77.20
A'Dam Rubber	11.10	11.85
Amro Bank	107.20	108.20
BVG	236	237
Buehrmann T	219	224.50
Caland Hldg	20.10	20
Elsevier-NDU	230	238
Fokker	71.30	72.50
Gist Brocades	52.50	53.30
Heineken	182.70	186
Hoogovens	71.40	72.70
KLM	43.20	43.40
Naarden	91.70	91.50
Nat Neder	87.30	87.80
Nedlloyd	175.50	177.40
NMB	228.50	226.50
Oce Vander G	540	540
Pakhoed	64	64.60
Philips	55.90	56.30
Robeco	95.70	95.80
Rodamco	134.90	133.50
Rolinco	86.10	86.40
Rorento	50.10	50.40
Royal Dutch	207.80	208.50
Unilever	513	518.50
Van Ommeren	37.50	38.70
VMF Stork	28.50	29
VNU	336	343

ANP.CBS Gen'l Index : 296.50
Previous : 297.70

Brussels

	Close	Prev.
Arbed	2515	2520
Bekaert	11500	N.A.
Cockerill	134	135
Cobepa	4510	4490
EBES	4760	4760
GB-Inno-BM	8370	8360
GBL	3195	3185
Soc Generale	3000	3000
Gevaert	5840	5890
Hoboken	7500	7500
Intercom	3810	3820
Kredietbank	16500	16750
Petrofina	8960	8970
Sofina	11000	11400
Solvay	7800	7870
Traction Elec	5650	5620
UCB	8820	8970
Unerg	2945	2950
Vieille Montagne	5900	5930

Current Stock Index : 3836.82
Previous : 3833.40

Frankfurt

	Close	Prev.
AEG	333.10	337.50
Allianz Vers	2480	2515
Altana	414.50	414.50
BASF	272.70	273.50
Bayer	304.80	306.90
Bay. Hypo bank	630	628
Bay Vereinsbank	580	577
BBC	327	331
BHF-Bank	532.50	532
BMW	641.90	638.90
Commerzbank	344	348
Conti Gummi	333	334.50
Daimler-Benz	1309	1317
Degussa	462	458
Deutsche Babcock	192	202
Deutsche Bank	839.50	847
Dresdner Bank	446.50	453.50
Harpener	318	321
Henkel	444.90	445
Hochtief	1295	1260
Hoechst	277	279
Hoesch	153	154
Horten	227	228
Hussel	660	656
IWKA	301	306
Kali und Salz	308	302
Karstadt	462	463
Kaufhof	514.50	512
Kloeckner HD	212	218
Kloeckner Werke	82	82.70
Krupp Stahl	151	155
Linde	755	768
Lufthansa	195	199
MAN	229	226
Mannesmann	194.50	195
Muench Rueck	3490	3495
Nixdorf	669	670.50
PKI	950	972
Porsche	1065	1073
Preussag	180	176
PWA	261	237.80
RWE	222.50	225.80
Rheinmetall	400	416
Schering	596.50	601.50
SEL	470	447
Siemens	702	705.10
Thyssen	160.50	162.20
Veba	296.50	299
Volkswagenwerk	496.20	504.20
Wella	792	782

Commerzbank Index : 2085.50
Previous : 2104.30

Hong Kong

	Close	Prev.
Bk East Asia	17.50	17.60
Cathay Pacific	5.55	5.70
Cheung Kong	24.70	24.40
China Light	16.40	16.40
Green Island	8.25	8.25
Hang Seng Bank	33.75	33.75
Henderson	2.65	2.625
China Gas	14.20	14.10
HK Electric	9.65	9.65
HK Realty A	11.40	11.40
HK Hotels	34.50	34.25
HK Land	6.40	6.35
HK Shang Bank	6.95	7
HK Telephone	11.70	11.70
HK Yaumatei	3.325	3.325
HK Wharf	8.20	8.10
Hutch Whampoa	34.25	34.25
Hysan	0.72	0.72
Jardine	16.30	15.80
Jardine Sec	15.10	14.70
Kowloon Motor	9.20	9.15
Miramar Hotel	3.40	3.375
New World	6.75	6.70
SHK Props	15	14.90
Stelux	2.075	2.125
Swire Pacific A	14.10	14.10
Tai Cheung	2.05	2.025
Wing On Co	1.44	1.44
Winsor	8.15	8.15
World Int'l	2.60	2.625

Hang Seng Index : 1934.20
Previous : 1932.99

Johannesburg

	Close	Prev.
AECI	1325	1350
Anglo American	6375	6375
Anglo Am Gold	33200	32500
Barlows	1890	1905
Blyvoor	2250	2225
Buffels	10550	10500
De Beers	3250	3275
Driefontein	6900	6875
Fregold	4900	4950
GFSA	5500	5450
Harmony	4550	4550
Hiveld Steel	690	690
Kloof	3300	3300
Nedbank	560	560
Rusplat	5425	5425
SA Brews	1320	1300
St Helena	5250	5250
Sasol	745	735
Welkom	3350	3325

Composite Stock Index : 1850.00
Previous : 1853.00

London

	Close	Prev.
AA Corp	$12⅞	$12⅝
Allied-Lyons	335	338
Anglo Am Gold	$64¼	$63
Ass Brit Foods	316	316
Asda-MFI Gp	148	146
Barclays	512	489
Bass	740	740
B.A.T.	415	416
Beecham	403	403
Blue Circle	536	525
BOC Group	331	332
Boots	211	210
Bowater Indus	320	313
BP	666	671
Brit Telecom	200	198
Brit Aerospace	510	511
Britoil	133	136
BTR	296	288
Burmah	406	398
Cable Wireless	334	332
Cadbury Schw	171	172
Charter Cons	261	261
Commercial U	301	305
Cons Gold	499	497
Cookson Group	471	471
Courtaulds	265	261
Dalgety	283	283
De Beers ¢	645	640
Driefontein	$13⅞	$13½
Fisons	623	625
Free St Ged	$9⅞	$9⅞
GEC	182	184
Gen Accident	857	852
GKN	275	267
Glaxo	983	982
Grand Met	396	385
GRE	862	862
Guinness	343	344
GUS	$14⅛	$14⅛
Hanson	190	185
Hawker	495	495
ICI	10½	10 27/64
Jaguar	513	515
Land Securities	323	323
Legal General	265	270
Lloyds Bank	442	424
Lonrho	205	205
Lucas	525	526
Marks and Sp	212	212
Metal Box	180	183
Midland Bank	597	539
Nat West Bank	542	522
P and O	508	511
Pilkington	418	416
Plessey	192	194
Prudential	824	837
Racal Elect	174	176
Randfontein	570	570½
Rank	507	507
Reed Intl	240	245
Reuters	513	515
Royal Dutch ¢	61⅞	60⅝
Rover	40	40
RTZ	612	607
Saatchi	730	730
Sainsbury	410	408
Sears Holdings	121	121
Shell	928	931
STC	144	144
Std Chartered	709	707
Storehouse	341	341
Sun Alliance	704	709
Tate and Lyle	581	583
Tesco	405	403
Thorn EMI	487	487
T.I. Group	477	481
Trafalgar Hse	291	286
THF	149	149
Ultramar	143	140
Unilever ¢	19	19
United Biscuits	238	238
Vickers	403	403
War Loan 3½ ¢	38½	38½
Woolworth	655	655

F.T.30 Index : 1286.40
Previous : 1288.50
F.T.S.E.100 Index : 1634.80
Previous : 1627.30

Milan

	Close	Prev.
Banca Comm	28370	29000
Cigahotels	5255	5350
CIR	14595	14510
Cred Ital	3630	3720
Eridania	5060	5060
Farmitalia	15095	15250
Fiat	15900	15850
Generali	168800	167080
IFI	31900	31700
Italcementi	78000	78680
Italgas	3480	3496
Italmobiliari	137800	143550
Mediobanca	284000	289100
Montedison	3645	3623
NBA	4340	4390
Olivetti	17820	18040
Pirelli	5700	5656
RAS	65000	64800
Rinascente	1251	1259
SIP	3740	3615
SME	2295	2320
Snia	5990	5955
Standa	14108	14010
Stet	5225	5130

MIB Current Index : 1843
Previous : 1841

Paris

	Close	Prev.
Air Liquide	778	780
Alsthom Atl.	369	380
Av Dassault	1400	1479
Bancaire	1370	1365
BIC	651	649
Bongrain	2025	2045
Bouygues	1444	1459
BSN-GD	4420	4200
Carrefour	3468	3395
Chargeurs	1389	1361
Club Med	650	647
Darty	4011	4000
Dumez	1541	1565
Elf-Aquitaine	346	345
Europe 1	1085	1100
Gen Eaux	1328	1344
Hachette	2890	2900
Lafarge Cop	1429	1440
Legrand	4499	4510
Lesieur	1075	1122
l'Oreal	3735	3738
Martell	1530	1548
Matra	2640	2775
Merlin	3385	3380
Michelin	3530	3565
Moet Hennessy	2317	2315
Moulinex	77.10	78
Occidentale	1068	1080
Pernod Ric	1070	1095
Perrier	785	780
Peugeot	1225	1250
Printemps	642	646
Radiotechn	876	922
Redoute	2849	2810
Roussel Uclaf	1740	1736
Sanofi	750	739
Skis Rossignol	1305	1290
Telemecan	3300	3320
Thomson CSF	1714	1750
Total	477.50	477.50

CAC Index : 408.20
Previous : 410.90

Singapore

	Close	Prev.
Cerebos	3.72	3.66
Cold Storage	3.62	3.64
DBS	7.95	7.95
Fraser Neave	8.30	8.25
Haw Par	3.12	3.22
Hume	2.10	2.07
Inchcape	2.32	2.33
Lum Chong	0.985	0.99
Malayan Banking	4.26	4.22
OCBC	7.95	7.90
OUB	3.08	3.06
OUE	2.72	2.70
Shangri-la	3.20	3.20
Sime Darby	1.52	1.50
S'pore Airlines	7.55	7.55
S'pore Land	5.10	5
S'pore Press	8.05	8.15
S Steamship	1.60	1.61
St Trading	3.38	3.38
UOB	4.24	4.20
United Overseas	1.49	1.48

Straits Times Ind Index : 824.54
Previous : 822.56

Stockholm

	Close	Prev.
AGA	190	186
Alfa Laval	348	348
Asea	353	355
Astra	685	682
Atlas Copco	214	215
Beijer	147	149
Boliden	N.Q.	203
Electrolux	298	303
Ericsson	224	227
Esselte	570	N.Q.
Fermenta	N.A.	—
Handelsbanken	449	452
Pharmacia	214	216
Saab-Scania	N.Q.	720
Sandvik	170	171
Skanska	171	176
SKF	318	323
SwedishMatch	362	363
Volvo	394	401

Affaersvaerlden Index : 703.70
Previous : 711.80

Sydney

	Close	Prev.
ACI	3.53	3.55
ANZ	4.88	4.80
BHP	7.84	7.80
Boral	4	4
Bougainville	2.68	2.65
Coles Myer	4.58	4.48
Comalco	2.38	2.42
CRA	5.96	6
CSR	2.48	2.49
Dunlop	3.45	3.50
Elders Ixl	4.95	5
ICI Australia	2.35	2.40
Magellan	1.42	1.40
MIM	1.72	1.80
Nat Aust Bank	5.34	5.32
News Corp	23	22.20
N Broken Hill	2.16	2.12
Poseidon	2.86	2.88
Qld Coal Trust	1.46	1.47
Santos	3.82	3.85
Thomas Nation	3.08	3.05
Western Mining	3.43	3.43
Westpac Banking	4.62	4.62
Woodside	0.85	0.90

All Ordinaries Index : 1183.30
Previous : 1182.40

Tokyo

	Close	Prev.
Akai	400	380
Asahi Chemical	841	860
Asahi Glass	1210	1200
Bank of Tokyo	906	895
Bridgestone	666	666
Canon	990	1000
Casio	1260	1270
C.Itoh	888	918
Dai Nippon Print	1850	1830
Daiwa House	1530	1600
Daiwa Securities	2130	2170
Fanuc	6450	6390
Fuji Bank	1710	1690
Fuji Photo	2750	2800
Fujitsu	1000	1040
Hitachi	995	1040
Hitachi Cable	995	1040
Honda	1180	1160
Japan Air Lines	10000	10000
Kajima	1240	1290
Kansai Power	3500	3460
Kawasaki Steel	253	268
Kirin Brewery	1570	1600
Komatsu	515	515
Kubota	452	480
Kyocera	3800	3750
Matsu Elec Inds	1560	1600
Matsu Elec Works	1630	1620
Mitsubishi Bank	1700	1700
Mitsubishi Chem	832	838
Mitsubishi Elec	490	514
Mitsubishi Heavy	605	638
Mitsubishi Corp	1280	1290
Mitsui and Co	798	800
Mitsukoshi	1210	1280
Mitsumi	1350	1340
NEC	1840	1900
NGK Insulators	820	839
Nikko Sec	1940	1960
Nippon Kogaku	928	919
Nippon Oil	1050	1080
Nippon Steel	242	250
Nippon Yusen	533	533
Nissan	663	690
Nomura Sec	3200	3290
Olympus	1020	1040
Pioneer	1990	2000
Ricoh	848	845
Sharp	950	970
Shimazu	1050	1110
Shinetsu Chemical	910	931
Sony	3280	3250
Sumitomo Bank	2200	2160
Sumitomo Chem	420	441
Sumitomo Marine	1030	1090
Sumitomo Metal	195	205
Taisei Corp	803	812
Taisho Marine	1030	1060
Takeda Chem	2110	2090
TDK	3450	3310
Teijin	576	575
Tokio Marine	1680	1700
Tokyo Elec. Power	6300	6540
Toppan Printing	1500	1480
Toray Ind	695	698
Toshiba	631	682
Toyota	1620	1650
Yamaichi Sec	1850	1920

Nikkei 225 : 18367.98
Previous : 18583.27
New Index : 1515.35
Previous : 1529.47

Zurich

	Close	Prev.
Adia	7350	7400
Alusuisse	585	605
Autophon	7940	7800
Bank Leu	3825	3825
Brown Boveri	1670	1660
Ciba Geigy	3590	3590
Credit Suisse	3815	3800
Electrowatt	3450	3440
Interdiscount	5400	5375
Jacob Suchard	8250	8350
Jelmoli	3860	3850
Landis Gyr	1910	1900
Moevenpick	6500	6500
Nestle	8580	8490
Oerlikon-B	1760	1765
Roche Baby	11225	10950
Sandoz	1745	1725
Schindler	3225	3250
Sulzer	590	589
Surveillance	6675	6675
Swissair	1460	1420
SBC	570	567
Swiss Reinsurance	3080	3090
Swiss Volksbank	2640	2635
Union Bank	5900	5870
Winterthur	6990	6950
Zurich Ins	3475	3450

SBC Index : 651.80
Previous : 649.00

*N.Q.: not quoted; N.A.: not available; xd: ex-dividend.

Toronto *Aug. 27*

Canadian stocks via AP

Sales	Stock	High	Low	Close	Chg.
5092	Abti Prce	$22⅞	22	22½	+ ⅞
3400	Acklands	$19⅞	19⅞	19⅞	
8247	Agnico E	$26	25¾	25⅞	+ ⅛
1700	Agra Ind A	$15⅝	15½	15½	− ⅛
26727	Alt Energy	$12¼	11¾	12	+ ¼
20026	Algoma St	$13	12½	13	
28681	A Barick	$18⅜	17⅞	18⅛	+ ⅛
6560	Atco I f	$8¼	8⅛	8¼	+ ⅛
17211	BCED	350	335	335	−10
220	BP Canada	$30⅞	30⅝	30⅝	− ⅛
79377	Bank BC	296	275	293	+18
91602	Bank N S	$15⅝	15⅜	15½	
6501	Bonanza R	150	135	150	+15
22780	Bralorne	155	145	145	− 5
800	Bramalea	$21¾	21½	21½	+ ¼
209474	BCFP	$13⅝	13⅛	13½	+ ⅜
29135	BC Res	128	121	125	
79145	BC Phone	$28	27⅞	27⅞	+ ⅛
108	Brunswk	$12⅞	12⅞	12⅞	+ ⅛
2550	Budd Can	$42	40	42	+ 2
21550	CAE	$10⅝	10⅝	10⅝	− ⅛
4100	CCL B f	$17⅞	17¾	17⅞	
39553	Cad Frv	$33⅛	32¾	32⅞	
10200	Campeau f	$28⅝	28½	28½	+ ¼
66668	C Nor West	$15¾	15	15½	+ ½
1000	C Packrs	$16⅞	16⅝	16⅞	
900	Can Trust	$48	48	48	+ 1
100	CGE	$94	94	94	− 2
102105	CI Bk Com	$17⅞	17¾	17¾	
37771	CTire A f	$13¾	13⅝	13⅝	
2500	C Util B	$19¼	19¼	19¼	
7800	Cara	$10⅛	10	10	− ⅛
400	Celanese	$16	16	16	
300	Celan 175 p	$24⅞	24¾	24⅞	+ ⅜
2100	Centrl Tr	$20⅝	20⅜	20½	+ ¼
8377	Cineplex	$20⅝	20	20⅝	
1700	C Distb A	$6¾	6⅝	6¾	+ ⅛
14525	CDistb B f	$6¾	6½	6¾	
7181	CTL Bank	$11⅛	10⅞	11⅛	+ ¼
5200	Coseka R	105	100	100	+ 4
1827	Conran A	$18	17¾	18	
5208	Crownx	$28¾	28½	28½	
35300	Denison A p	$5⅝	5⅝	5⅝	− ⅛
6400	Denison B f	$5⅝	5½	5⅝	+ ⅛
2800	Develcon	355	335	325	
1200	Dicknsn A f	$8⅞	8⅝	8⅝	− ⅛
1300	Dicknsn B	$8¾	8⅝	8⅝	− ⅛
50861	Dofasco	$24⅛	23¾	23⅞	+ ⅛
3800	Donohue	$25½	25¼	25½	− ¼
3400	Du Pont A	$34¼	34¼	34¼	+ ½
59970	Dylex A	$16⅞	16⅜	16½	− ⅜
250	Elcthom X	$10⅛	10⅛	10⅛	− ¼
550	Emco	$30½	30½	30½	
2300	Equity Svr	480	455	455	−30
140000	FCA Intl	$21	20¾	21	
2728	C Falcon C	$15¾	15¾	15¾	
66002	Ficnbrdge	$17⅞	17⅝	17¾	− ¼
8210	Fed Ind A	$16	15¾	15⅞	− ⅛
10	Fed Pion	$29⅞	29⅝	29⅞	+1⅜
3300	F City Fin	$13½	13⅜	13½	+ ⅛
35700	Gendis A	$19⅝	19	19	− ⅛
6092	Geac Comp	$5	480	5	+ ¼
6200	Gibraltar	$8¼	8⅛	8¼	
68836	Goldcorp f	$7½	7⅜	7½	
300	Goodyear	$45	45	45	
300	GL Forest	—		22	
300	Gt Pacific	$42½	42½	42½	+ ½
401	Greyhnd	$27	26¾	26¾	
2170	Hawker	$28	27¾	27¾	
1674	Hayes D	$14	13½	13½	− ½
23450	Hees Intl	$34½	34	34⅜	+ ⅜
4357	H Bay Co	$26⅜	26½	26⅝	+ ⅛
84889	Imasco	$34⅛	33¾	33¾	− ¼
4404	Indal	$14¾	14	14¾	+ ⅜
1101	Inland Gas	$12⅝	12½	12½	
8780	I Corona o	$21⅛	21	21	− ⅛
2750	Intl Thom	$11⅞	11¼	11¼	
92830	Inter Pipe	$40½	39¾	40¼	+1¼
200	Ipsco	$7½	7½	7½	
4080	Ivaco B	$21	21	21	+1¼
2502	Jannock	$24⅞	24⅜	24⅜	− ⅛
4610	Kelsey H	$22⅝	22⅜	22⅜	
4843	Kerr Add	$15	15	15	
142063	Labatt	$25	24½	24⅞	+ ½
300	Lacana	$9⅛	9⅛	9⅛	
1215	LOnt Cem	$26½	26½	26½	+ ½
16150	Loblaw Co	$12¼	11⅞	12	− ¼
1690	Lumonics	$12¾	12½	12½	− ¼
18670	Magna A f	$35⅝	35⅜	35⅝	+ ⅛
23200	MICC	$8⅛	7¾	7¾	− ⅜
5600	Mclan H X	$19½	19¼	19¼	+ ⅛
3233	Maritime f	$16¼	16	16	
144448	Molson A f	$25¼	24⅞	25	−1⅛
500	Murphy	$18½	18½	18½	+ ⅛
943	Nabisco L	$37⅞	37⅝	37⅝	
139419	Noranda	$18⅝	18¼	18⅝	+ ⅜
3140	Norcen	$13⅝	13½	13⅝	+ ⅛
52830	Nva AltA f	$5⅛	5	5⅛	+ ⅛
1020	Nowsco W	$11	11	11	+ ⅛
6494	NuWst sp A	25	24	24	
2908	Oakwood	260	250	255	− 5
13388	Omnibus o	$6⅞	6⅝	6⅝	− ⅛
69470	Oshawa A f	$22	21½	21⅞	+ ⅛
50155	Pac W Airln	$18⅜	18⅛	18⅛	−
850	Pamour	$11	11	11	
2515	PanCan P	$26¼	26¼	26¼	
10493	Pembina	$14½	14½	14½	
750	Pine Point	$9¾	9½	9½	
97715	Placer	$28½	27⅞	28⅛	+ ⅛
29700	Que Sturg o	$5	485	5	−
2860	Rayrock f	$6½	6⅛	6⅛	+
6075	Redpath	$24⅞	24½	24½	−
2587	ReedSt 1 Sp	$54½	52½	54½	+2½
100	Rogers A	$24⅝	24⅝	24⅝	+ ⅛
10	Rothman	$37¾	37¾	37¾	− ¼
3080	Sceptre R	255	255	255	− 5
1960	Scotts f	$38⅞	38⅝	38⅝	− ⅛
23124	Sears Can	$12⅝	12⅜	12⅜	+ ⅛
10197	SHL Systm	$26	25⅝	26	+ ⅛
36400	Selkirk A f	$25⅝	25⅜	25⅜	− ⅛
138247	Shell Can	$23⅜	23	23⅛	+ ⅛
5200	Sherritt	$6⅝	6¼	6¼	
6100	Slater B f	$14½	14⅛	14⅛	+ ⅛
6200	Southam	$22⅝	22¼	22⅝	
4692	Spar Aero f	$27½	27	27	− ½
63992	Stelco A	$21⅜	21	21½	+ ⅛
21500	Sulpitro	58	53	53	+ 1
466	Teck Cor A	$22⅞	22½	22⅞	+ ⅜
2151	Teck B f	$23½	23⅛	23⅛	+ ⅛
93570	Tex Can	$28⅛	27⅞	28⅛	+ ⅛
164285	Thom N A	$30¼	30	30¼	+ ⅛
164108	Tor Dm Bk	$23⅜	22⅞	23	+ ⅛
26380	Torstar B f	$30¼	30⅛	30⅛	− ⅛
1582	Traders A f	$50½	50	50½	+ ⅛
3282	Trns Mt	$15	14⅞	15	
2800	Trinity Res	57	57	57	− 3
60873	TrnAlta UA	$29⅛	28⅞	29	+ ⅛
74733	TrCan PL	$17½	17¼	17⅜	− ⅛
4204	Trimac	255	255	255	
2680	Trilon A	$33¼	33	33	− ¼
233442	Turbo	59	56	57	− 1
4800	Unicorp A f	$7⅞	7¾	7⅞	
2200	Un Carbid	$14½	14¼	14½	+
5738	U Enterise	$11⅝	11¼	11¼	−
332	U Keno	$7	7	7	
11600	Versil A f	155	145	145	−10
1100	Vestgron	55	55	55	+ 5
4050	Wardair	$16¼	15⅞	16¼	+ ⅛
62	Weldwod	$20½	20½	20½	
32900	Westmin	$7¼	7	7	− ⅛
11865	Weston	$31¾	31¼	31⅛	− ⅛
3374	Woodwd A	$6⅝	6¼	6¼	− ⅛

Total sales 16,084,289 shares

	Close	Previous
TSE 300 Index:	3,028.10	3,034.31

Montreal *Aug. 27*

Sales	Stock	High	Low	Close	Chg.
98342	Bank Mont	$32¼	31⅞	31⅞	− ⅛
2468	BombrdrA	$27	26	27	+1⅛
41655	BombrdrB	$27¼	25⅞	27	+1⅛
193656	Cascades	$17	16⅝	17	+ ⅛
3958	ConBath	$25⅛	24⅞	25⅛	+ ⅛
3494	DomTxtA	$20	19⅜	20	
6244	MntTrst	$11⅝	11½	11½	− ⅛
44800	NatBk Cda	$26⅞	26½	26⅞	+ ⅛
5665	Noverco	$12⅝	12⅜	12⅜	− ⅛
26207	Power Corp	$16⅝	16⅛	16⅛	− ⅛
9437	Provigo	$19	18⅞	19	+ ⅛
1000	RollandA	$14⅛	14	14⅛	+ ⅛
255	RollandB	$14¼	14⅛	14⅛	− ⅛
22255	Royal Bank	$33	32⅞	32⅞	− ⅛
510	RoyTrstco	$32⅞	32⅝	32⅝	
11682	SteinbrgA	$41¼	41	41	− ¼

Total Sales 3,746,235 shares.

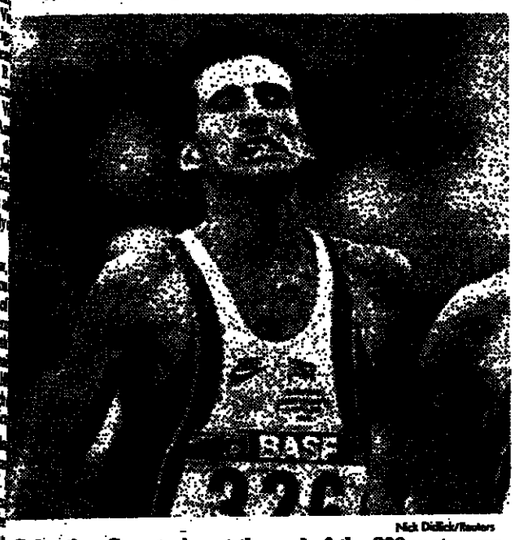
	Close	Previous
Industrials Index:	1,278.95	[illegible]

INTERNATIONAL MANAGER
BY SHERRY BUCHANAN.
IN THE IHT EVERY WEDNESDAY.
ESSENTIAL READING FOR EXECUTIVES WORKING IN THE INTERNATIONAL MARKETPLACE.

SPORTS

The Associated Press

Fatima Whitbread just before her world record javelin throw at the European track and field championships.



Nick Didlick/Reuters

Sebastian Coe strains at the end of the 800-meter run, which he won in 1:44.50 at the European championships.

Whitbread, Coe Shine

The Associated Press

STUTTGART — Britain's Fatima Whitbread smashed the women's javelin world record with a mighty throw of 77.44 meters (254 feet, one inch) in the qualifying event at the European track and field championships Thursday while Sebastian Coe beat his arch-rival Steve Cram into third place to take the gold medal in the men's 800 meters.

It was Coe's first major victory in the 800 meters, although the time of 1:44.50 was relatively slow and well outside Coe's world record of 1:41.73.

Britain's Tom McKean took the silver medal in 1:44.61. Cram finished in 1:44.88.

Coe, who had to pull out of last month's Commonwealth Games because of a virus, ran a superb race in a steady drizzle, biding his time and never letting Cram out of his sights until he made his move with 200 meters to go.

Marita Koch of East Germany, the world record holder, won the 400-meter women's title in 48.22 seconds for her third straight European crown.

Daley Thompson of Britain saw his 8-year unbeaten streak in the decathlon endangered at lunchtime when he was 15 points behind after seven disciplines. But he crushed West Germany's Jurgen Hingsen in the pole vault and was ahead by 77 points with one event to go.

Blue Jays Close In On Sagging Red Sox

Compiled by Our Staff From Dispatches

CLEVELAND — It may be that the Boston Red Sox flop, as predicted by the New York Yankees, has begun. But it also may be that the Toronto Blue Jays, not the Yankees, are going to be the team to take advantage of it.

After winning a hard-fought doubleheader Wednesday night, 3-2 and 6-3, the Blue Jays moved within five games of the slumping Red Sox in the American League East.

In the opener, Ernie Whitt hit a home run leading off the 12th inning to give the Blue Jays the victory. In the second game, it was a 3-3 tie going into the eighth, when Garth Iorg singled, was sacrificed to second and scored on Tony Fernandez's double. The Blue Jays scored twice more in the ninth.

"We always felt that we had a shot at winning this thing," Blue Jays outfielder Jesse Barfield said of the pennant race. "People counted us out, and that was foolish. There is a ways to go, and it will be interesting. We've got six to go with Boston."

Rangers 4, Red Sox 1: In Arlington, Texas, Larry Parrish and Toby Harrah hit sixth-inning home runs to help Ed Correa win. It was Boston's fourth loss in five games.

Twins 7, Brewers 5: In Milwaukee, Kirby Puckett hit three singles and a double to break a 1-for-21 slump and lead Minnesota.

White Sox 3, Royals 1: In Chicago, Floyd Bannister pitched a six-hitter and rookie catcher Ron Karkovice hit a three-run homer in the second to beat Kansas City.

Mariners 4, Orioles 1: In Seattle, Alvin Davis hit a two-run double and Ken Phelps a two-run homer in the first inning.

Mets 6, Padres 5: In the National League, at San Diego, the Padres Tim Flannery singled into an unusual double play in the bottom of the 11th inning to kill a rally and end the game in victory for New York. The Mets center fielder, Len Dykstra, made a perfect throw to catcher John Gibbons, who tagged Garry Templeton out at home plate and threw to Howard Johnson to get Flannery at third base.

Astros 7, Cubs 1: In Houston, Nolan Ryan won for the 250th time in his career, giving up one hit over six innings and striking out five to raise his all-time major league leading total to 4,231. Phil Garner went 4-for-5 and drove in two runs.

Reds 9, Pirates 5: In Pittsburgh, Cincinnati's Eric Davis hit a game-winning grand slam home run with two outs in the ninth inning.

Cardinals 2, Braves 1: In St. Louis, Missouri, Atlanta pitcher Rick Mahler walked Terry Pendleton with the bases loaded in the eighth inning.

Phillies 2, Dodgers 1: In Los Angeles, Philadelphia's Jeff Stone came home on a single by Von Hayes in the ninth inning, jarring the ball out of the hands of catcher Alex Trevino, who had taken a throw from left-fielder Bill Russell.

Giants 3, Expos 2: In San Francisco, Montreal reliever Andy McGaffigan made a throwing error and two wild pitches in the Giants' two-run eighth inning. *(LAT, AP)*

BASEBALL ROUNDUP

Alabama Wins College Opener

New York Times Service

EAST RUTHERFORD, New Jersey — Mike Shula, the quarterback, and Gene Jelks, his halfback, turned the game around for Alabama in the fourth quarter of the Kickoff Classic on Wednesday.

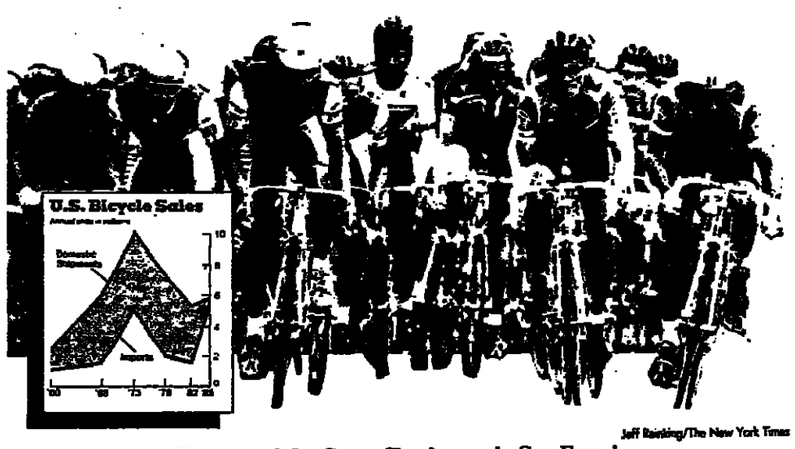
A 73-yard touchdown drive, with Shula's passes and Jelks's runs the big plays, opened the way for the Crimson Tide's 16-10 victory over Ohio State before a crowd of 68,296 in college football's first game of the season.

Shula, son of Miami Dolphins coach Don Shula, completed 11 of 21 passes and was intercepted twice. In the fourth quarter, the senior's third-down pass from the 3 to Al Bell gave Alabama its touchdown and the lead, 13-10. Later, Van Tiffin kicked a field goal for Alabama's final points.

The Buckeyes had a late chance to score, but Jim Karsatos's pass was knocked down in the Alabama end zone with no time on the clock.

More Americans Spin Their (Bike) Wheels

By Samuel Abt
International Herald Tribune



Jeff Rainking/The New York Times

The start of the Coors Classic race in San Francisco.

COLORADO SPRINGS — At first Alain Bondue was puzzled by motorists here who kept giving him a thumbs-up signal as he trained for the world cycling championships, which began Wednesday.

Back home in France, said the track champion, nobody pays much attention to cyclists out training. "I didn't understand what they meant until I saw the signs all over town telling people to make us feel welcome," he explained. "I never knew before that Americans cared so much about cycling and cyclists."

Increasingly they do, and they have created something of a boom in bicycling. It has been a long, uphill climb, but bicycling officials, riders, promoters and salesmen say the sport is approaching a peak.

A big push toward reaching it would be a dazzling performance in the world championships, something akin to the nine medals that the U.S. team won at the 1984 Olympic Games in Los Angeles. That performance, on national television, started the sport's boom.

Although hundreds of American and foreign journalists are expected at these championships, no major network television coverage has been arranged for the 16 events. They are bringing together a record 700 male and female riders from 62 countries. That is another record, exceeding the 50 countries represented last year in Italy.

The championships are an annual event that began in Chicago in 1893 but were last staged in the United States in 1912, at Newark, New Jersey.

U.S. hopes are particularly high this year because of both the home advantage, including cheering, and the U.S. riders' familiarity with the altitude. The 7-Eleven Velodrome, where track competition will take place, is 6,100 feet (1,859 meters) above sea level, and the Air Force Academy, where the road races will be held, is at 7,210 feet.

Bicycling magazine predicted this month that U.S. riders would win 10 medals and establish the country as an international power. Most other observers considered the predictions optimistic by three or four medals.

[In qualifying races Wednesday, Michael Huebner of East Germany and Connie Paraskevin of the United States set world records in the men's and women's 200-meter sprints, The Associated Press reported from Colorado Springs. Huebner was timed in 10.118 seconds and Paraskevin in 11.245.]

A big boost for U.S. cycling came in July with Greg LeMond's victory in the Tour de France. He was the first American to win the world's oldest, richest and most important bicycle road race.

"It's like the first time man walked on the moon and suddenly people realized it could be done," said Josh Lehman, an official at the U.S. Cycling Federation.

There is no doubt that for both competition and recreation, more Americans than ever are turning to bicycling. At the Bicycle Manufacturers Association in Washington, Michael Kershow, a spokesman, reported that U.S. sales this year were expected to be the best in more than a decade.

At the six-month point, he said, sales had reached 6.6 million bicycles, ahead of the 5.8 million at mid-1985. That year ended with 11.4 million sales valued at $1.5 billion. Sales were second only to the record 15.2 million of 1973, when Americans began seeking ways to beat the high cost of gasoline.

Many of these bicycles are being sold to commuters, whose numbers have tripled to nearly two million in a decade, according to the Bicycle Federation of America.

A much larger group, including the elderly, rides solely for health benefits. "About 78 million Americans ride a bicycle at least once a month, making it the No. 2 leisure activity in the country" after swimming, said Michael Aisner, organizer of the Coors Classic race.

The big loser has been jogging. Across the country, bicycle salesmen echo the words of Gretchen Moreno, assistant manager of The Bicycle Outfitter in Los Altos, California. "I love to see joggers come in here with their bodies beat to hell — knee problems, heel problems, shin problems," she said. "It's not hard to convince them that they'll get the same exercise on a bicycle with none of the problems."

Competitive racing is having the same growth, according to the U.S. Cycling Federation.

Lehman, director of programs for the federation, said that membership had grown from nearly 7,500 in 1979 to more than 22,000. Membership, which costs $28 annually to riders over 14, is mandatory to compete in sanctioned races, which jumped from 692 in 1980 to 1,131 last year.

"There's been a huge growth in riding at the collegiate level," said Russell Mead, who rides at Stanford University and is an alternate in the one-kilometer time trial scheduled in the world championships Thursday.

College teams are especially prominent in the Ivy League, in northern California and in the Rocky Mountains.

Race organizers affirmed the new popularity. "We've drawn unbelievable crowds," said Aisner, whose two-week Coors Classic ended Sunday. "It's been phenomenal, at least 25 percent ahead of last year, when we drew 400,000 and there was nowhere we went that we were not full-house."

Similarly, attendance was estimated to have doubled to 200,000 in the second year of the Core States Championship, the one-day professional road championship. Held this spring in Philadelphia, the race was organized by David Chamer, who will also run the Cititour race on Sept. 14 from Goshen, New York, to the United Nations building in Manhattan.

The purse in the Coors reached $100,000 this year, the same total that Chamer paid for the Core States, the world's richest one-day race.

All this growth has created a lucrative market. Aisner estimated that souvenir sales of T-shirts, water bottles and caps during the Coors Classic would be up 63 percent this year, to nearly $250,000.

Clothing sales are valued at more than $30 million annually.

Becker, Connors, Evert Advance at U.S. Open

Compiled by Our Staff From Dispatches

NEW YORK — Boris Becker and Jimmy Connors, along with other big-name players, moved easily into the second round of the U.S. Open tennis tournament.

Becker ousted Canada's Glenn Michibata, 6-2, 5-7, 6-4, 6-2, on Wednesday. Connors, a five-time Open champion, crushed Sweden's Henrik Sundstrom 6-2, 6-2, 6-2.

In addition, second-seeded Mats Wilander won handily in four sets over Todd Nelson, fourth-seeded Stefan Edberg dropped just three games to Stéphane Bonneau, and No. 7 Joakim Nystrom, No. 10 Andres Gomez and No. 11 Mikael Pernfors won easily.

The top women also cruised. Second-seeded Chris Evert Lloyd won her 84th U.S. Open match, No. 3 Steffi Graf dropped one game to Susan Mascarin, No. 5 Pam Shriver also dropped one game, and No. 7 Helena Sukova won easily, as did No. 8 Bonnie Gadusek, No. 11 Gabriela Sabatini and No. 12 Zina Garrison.

Connors, 33, has not won a tournament in almost two years, but he said, "I have played my best tennis here in New York. The fans bring out the best in me." He is seeded sixth in this, the year's final Grand Slam tournament.

Connors took one hour, 49 minutes to dispose of Sundstrom. He did it in his all-court, all-out style.

For Becker, the 18-year-old two-time Wimbledon champion who is the No. 3 seed, there were some problems in addition to the airplanes flying overhead.

"The wind changed every five minutes," Becker said. "You couldn't prepare yourself. This is so different from Wimbledon. There, you have to be quiet. Otherwise, they throw you out. Here, you can do what you want. You can play a saxophone in the stands and nobody cares."

(AP, WP)

Reuters-UPI

Boris Becker on his way to beating Glenn Michibata.

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SCOREBOARD

Tennis

U.S. Open Results

MEN
First Round

Stefan Edberg (4), Sweden, def. Stephane Simeau, Canada, 6-0, 6-3, 6-0; Jonas B. Svensson, Sweden, def. Ken Flach, U.S., 6-4, 6-2, 6-4; Mikael Pernfors (11), Sweden, def. Jon Gunnarsson, Sweden, 6-4, 6-3, 6-3; Johan Kriek, U.S., def. Mark Kratzmann, Australia, 7-5, 6-4, 3-6, 3-6, 6-4; Christo Van Rensburg, South Africa, def. Jim Pugh, U.S., 6-3, 6-4, 6-4; Kevin Curren, U.S., def. Thomas Munster, Australia, 6-0, 5-7, 6-4, 7-5; Christo Steyn, South Africa, def. Mike Leach, U.S., 3-6, 6-3, 7-6 (7-3), 6-4; Cassio Motta, Brazil, def. Richard Acioly, U.S., 2-6, 7-5, 5-7, 7-6 (7-5), 6-2.

Boris Becker (3), West Germany, def. Glenn Michibata, Canada, 6-2, 5-7, 6-4, 6-2; Dan Goldie, U.S., def. Marian Vajda, Czechoslovakia, 3-6, 6-4, 6-3, 3-6, 7-5, game, susp. match; Pavel Slozil, Czechoslovakia, def. Kent Carlsson, Sweden, 7-6 (7-3), 6-2, 6-2; Claudio Pistolesi, Sweden, def. Ulf Stenlund, Sweden, 6-1, 6-4, 6-4; Mats Wilander (2), Sweden, def. Todd Nelson, U.S., 6-3, 6-1, 4-6, 6-4; Miloslav Mecir (16), Czechoslovakia, def. Tim Gullikson, U.S., 7-5, 7-6 (8-6), 6-4; Sergio Casal, Spain, def. Darren Cahill, Australia, 6-1, 3-6, 7-6 (7-1), 6-2.

Andres Gomez (10), Ecuador, def. Diego Perez, Uruguay, 6-3, 7-6 (10-8), 6-1; Joakim Nystrom (7), Sweden, def. Sammy Giammalva, U.S., 6-1, 6-4, 6-2; Milan Srejber, Czechoslovakia, def. Jimmy Arias, U.S., 7-5, 6-3, 6-3; Luke Jensen, U.S., def. Ben Testerman, U.S., 7-6 (8-6), 6-2, 6-4; Ricardo Acuna, Chile, def. Peter Lundgren, Sweden, 6-2, 2-6, 6-3, 7-6 (7-5); Eddie Edwards, South Africa, def. Libor Pimek, Czechoslovakia, 6-3, 6-1, 6-0; Broderick Dyke, Australia, def. Brian Teacher, U.S., 6-4, 3-6, 6-4, 6-4.

Tom Gullikson, U.S., def. Greg Holmes, U.S., 7-6 (7-1), 7-6 (7-2), 6-7 (8-10), 8-6, 7-6 (8-6); Jay Berger, U.S., def. Ronald Agenor, Haiti, 6-4, 6-3, 7-5; Thierry Champion, France, def. Emilio Sanchez, Spain, 1-6, 6-1, 5-7, 6-1, 7-5; Guy Forget, France, def. Marc Flur, U.S., 6-4, 6-3, 7-5; Danie Visser, South Africa, def. Vallis Wilder, U.S., 6-3, 7-6 (7-3), 6-3; Jimmy Connors (6), U.S., def. Henrik Sundstrom, Sweden, 6-2, 6-2, 6-2; Anders Jarryd (13), Sweden, def. Al Parker, U.S., 6-4, 6-2, 6-2.

WOMEN
First Round

Pam Shriver (5), U.S., def. Terry Holladay, U.S., 6-1, 6-0; Helena Sukova (7), Czechoslovakia, def. Lillian Drescher, Switzerland, 6-3, 6-2; Stephanie Rehe (13), U.S., def. Sharon Walsh-Pete, U.S., 6-0, 6-3; Cammy MacGregor, U.S., def. Isabelle Cueto, West Germany, 7-6 (7-5), 6-2; Elizabeth Minter, Australia, def. Leigh Anne Eldredge, U.S., 6-3, 7-6 (7-3); Katerina Maleeva, Bulgaria, def. Susan Leo, Australia, 6-3, 7-5; Betsy Nagelsen, U.S., def. Petra Huber, Austria, 4-6, 7-6 (7-3); Steffi Graf (3), West Germany, def. Susan Mascarin, U.S., 6-0, 6-1; Elizabeth Smylie, Australia, def. Lori McNeil, U.S., 6-7 (4-7), 7-6, 7-6 (7-4).

Elise Burgin, U.S., def. Dee Ann Hansel, U.S., 4-6, 6-3, 6-4; Molly Van Nostrand, U.S., def. Grace Kim, U.S., 4-6, 7-6 (7-5), 6-4; Caterina Lindqvist (14), Sweden, def. Debbie Spence, U.S., 6-1, 6-2; Jo Durie, Britain, def. Mercedes Paz, Argentina, 6-4, 4-6, 7-5; Helen Kelesi, Canada, def. Tami Whitfinger, U.S., 7-6 (7-5), 6-4; Andrea Temesvari, Hungary, def. Anne White, U.S., 6-3, 6-3; Chris Evert Lloyd (2), U.S., def. Barbara Gerken, U.S., 6-2, 6-1; Zina Garrison (12), U.S., def. JoAnne Russell, U.S., 6-3, 6-3; Claudia Kohde-Kilsch (6), West Germany, def. Christine Jaitsaint, Switzerland, 7-6 (8-6), 6-3.

Patti Fendick, U.S., def. Leish Thompson, U.S., 6-3, 7-6 (8-6); Eva Pfaff, West Germany, def. Maria Perrez-Roldan, Argentina, 6-1, 6-1; Caroline Kuhlman, U.S., def. Penny Barg, U.S., 6-3, 7-6 (7-3); Tine Scheuer-Larsen, Denmark, def. Claudia Mantiero, Brazil, 6-2, 6-4; Manuela Maleeva (9), Bulgaria, def. Candy Reynolds, U.S., 6-2, 6-4; Nicole Arendt, U.S., def. Anne Minter, U.S., 7-5, 2-6, 6-2; Elna Reinach, South Africa, def. Kimberly Shaefer, Alexandria, Va., 6-3, 6-4.

Mary Joe Fernandez, U.S., def. Laura Garrone, Italy, 3-6, 6-1, 6-3; Etty Hakami, U.S., def. Patricia Medrado, Brazil, 6-4, 4-6, 6-2; Catherine Tanvier, France, def. Claudia Porwick, West Germany, 6-0, 6-3; Kathy Jordan (15), U.S., def. Kim Sands, U.S., 6-3, 3-6, 6-3; Wendy Turnbull, Australia, def. Dinky Van Rensburg, South Africa, 4-6, 6-4, 6-1; Bonnie Gadusek (8), U.S., def. Julie Richardson, New Zealand, 7-5, 6-2; Gabriela Sabatini (11), Argentina, def. Natalie Tauziat, France, 6-3, 6-2.

Track and Field

EUROPEAN CHAMPIONSHIPS
(At Stuttgart)

MEN'S 800 METERS
Final

Sebastian Coe, Britain, 1:44.50; Tom McKean, Britain, 1:44.61; Steve Cram, Britain, 1:44.88; Rob Druppers, Holland, 1:45.52; Ryszard Ostrowski, Poland, 1:45.54; Peter Braun, West Germany, 1:45.89; Philippe Colard, France, 1:45.96; Viktor Kalinkin, Soviet Union, 1:47.36.

MEN'S SHOTPUT
Final

Werner Guenther, Switzerland, 22.22 meters (72.66 feet); Ulf Timmermann, East Germany, 21.84; Udo Beyer, East Germany, 20.74; Alessandro Andrei, Italy, 20.73; Lars Arvid Nilsen, Norway, 20.52; Karsten Stolz, West Germany, 19.89; Vladimir Milic, Yugoslavia, 19.85; Udo Gellhausen, West Germany, 19.76; Helmut Krieger, Poland, 18.53; Georg Andersen, Norway, 18.45.

WOMEN'S 800 METERS
Final

Nadeshda Olisarenko, Soviet Union, 1:57.15; Sigrun Wodars, East Germany, 1:57.42; Liubow Gurina, Soviet Union, 1:57.73; Gaby Bussmann, West Germany, 1:58.06; Milena Strnadova, Czechoslovakia, 1:58.89; Mitica Junghiata, Romania, 1:58.85; Lyubow Kiryuchina, Soviet Union, 1:59.47; Christine Wachtel, East Germany, 1:57.83.

WOMEN'S 400 METERS
Final

Marita Koch, East Germany, 48.22; Olga Vladykina, Soviet Union, 49.67; Petra Mueller, East Germany, 49.88; Kirsten Emmelmann, East Germany, 50.43; Ute Thimm, East Germany, 51.15; Tatana Kocembova, Czechoslovakia, 51.50; Fabienne Ficher, France, 51.91; Karin Lix, West Germany, 52.89.

WOMEN'S DISCUS
Final

Diana Sachse, East Germany, 71.36 meters; Cvetanka Hristova, Bulgaria, 69.92; Martina Hellmann, East Germany, 68.26; Irina Meszynski, East Germany, 65.20; Svetla Mitkova, Bulgaria, 63.98; Galina Jermakowa, Soviet Union, 63.28; Daniela Costian, Romania, 61.42; Renata Katewicz, Poland, 58.36; Claudia Losch, West Germany, 56.54; Stephanie Storp, West Germany, 53.58; Mette Bergmann, Norway, 53.58; Vanissa Head, Britain, 52.04.

WOMEN'S HIGH JUMP
Final

Stefka Kostadinova, Bulgaria, 2.00 meters; Svetlana Issaeva, Bulgaria, 1.93; Olga Turtschak, Soviet Union, 1.93; (tie) Andrea Bienias and Susanne Helm, East Germany, 1.90; Heike Redetzky, West Germany, 1.90; Danuta Bliskovska, Poland, 1.90; Diana Davies, Britain, 1.87; (tie) Olga Juha, Hungary, and Larisa Kosszyna, Soviet Union, 1.83; Sigrid Kirchmann, Austria, 1.79.

MEN'S DECATHLON STANDINGS
(After nine events)

Daley Thompson, Britain, 8,041 points; Siegfried Wentz, West Germany, 7,964; Jurgen Hingsen, West Germany, 7,929; Torsten Voss, West Germany, 7,814.

MEN'S 200 METERS
(Qualifiers for final)

Semifinals, heat one: Vladimir Krylov, Soviet Union, 20.61; Alexander Yevgenyev, Soviet Union, 20.66; Allan Wells, Britain, 20.77; Frank Emmelmann, East Germany, 20.82. Heat two: Thomas Schroeder, East Germany, 20.54; Juergen Evers, West Germany, 20.59; Ondrev Fedoriw, Soviet Union, 20.60; Olaf Prenzler, East Germany, 20.68.

Baseball

Wednesday's Major League Line Score

AMERICAN LEAGUE
First Game

Toronto	100 000 010 001	3	9	0	
Cleveland	000 000 200 000	2	5	1	

Key, Eichhorn (7), Henke (12) and Martinez, Whitt (9); Swindell, Camacho (8), Aguilera (10) and Bando. W—Eichhorn, 11-4. L—Aguilera, 2-3. Sv—Henke (18). HRs—Toronto, Iorg (3), Whitt (12). Cleveland, Tabler (5).

Second Game

Toronto	001 101 023	7	14	0	
Cleveland	002 001 000	3	10	1	

Cerutti, Henke (8) and Whitt; Roman, Nunez (5), Willis (8) and Allanson. W—Cerutti, 8-3. L—Willis, 1-2. Sv—Henke (19). HRs—Toronto, Whitt (13). Cleveland, Thornton (14).

Kansas City	000 100 000	1	6	0	
Chicago	020 000 00x	2	7	0	

Jackson, Farr (7), Quisenberry (8) and Sundberg; Bannister and Karkovice. W—Bannister, 8-10. L—Jackson, 9-9. HR—Chicago, Karkovice (1).

Minnesota	000 300 000	3	7	1	
Milwaukee	100 000 40x	5	15	2	

Heaton, Frazier (7) and Laudner; Nieves, Leary (4) and Carona. Moore (9). W—Heaton, 5-12. L—Nieves, 10-7. Sv—Frazier (3). HRs—Milwaukee, Carona (2), Cooper (11).

Boston	100 000 000	1	5	1	
Texas	100 010 00x	2	6	0	

Hurst, Stanley (7), Sambito (8) and Gedman; Correa, Williams (6) and Slaught. W—Correa, 8-11. L—Hurst, 8-7. Sv—Williams (6). HRs—Texas, Parrish (21), Harrah (6).

Baltimore	001 000 000	1	7	0	
Seattle	400 000 02x	6	8	0	

Boddicker and Stefero; Trujillo, Hutsmann (4) and S.Bradley. W—Trujillo, 1-0. L—Boddicker, 14-8. Sv—Hutsmann (5). HR—Seattle, Phelps (19).

NATIONAL LEAGUE

Montreal	000 200 000	2	5	2	
San Francisco	100 000 02x	3	6	1	

Burke, McGaffigan (8), McClure (8) and Hunt; Downs, Garrelts (9) and Melvin. W—Downs, 1-4. L—McGaffigan, 8-6. Sv—Garrelts (6).

Philadelphia	100 000 001	2	9	0	
Los Angeles	000 001 000	1	6	1	

Ruffin, Bedrosian (9) and Reynolds; Welch and Trevino. W—Ruffin, 7-3. L—Welch, 6-10. Sv—Bedrosian (19).

Cincinnati	003 170 004	9	11	1	
Pittsburgh	221 000 000	5	8	0	

Browning, Murphy (6), Franco (9) and B.Diaz; Winn, Krukow (5), Clements (7), Jones (8), Robinson (9) and Pena. W—Murphy, 2-0. L—Robinson, 3-3. HRs—Cincinnati, Parker (26), Davis (22). Pittsburgh, M.Diaz (9).

Atlanta	000 001 000	1	9	1	
St.Louis	100 000 01x	2	6	0	

Mahler and Benedict; Tudor, Worrell (7) and Lake. W—Worrell, 8-9. L—Mahler, 11-14.

Chicago	000 000 100	1	6	0	
Houston	002 200 10x	7	11	0	

Mayer, R.Davis (4), Trout (6), Gumpert (8) and Martin, J.Davis (7); Ryan, Kerfeld (7) and Ashby. W—Ryan, 9-8. L—Mayer, 5-4. Sv—Kerfeld (6).

New York	202 000 000	01	4	13	1
San Diego	000 001 000	00	2	13	2

Gooden, McDowell (8), Orosco (8), Sisk (10) and Gibbons; Whitson, Hawkins (6), McCullers (8), Gossage (9) and Kennedy, Bochy (9). W—Sisk, 3-2. L—Gossage, 5-7. HR—New York, Strawberry (19).

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AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Boston	74	53	.583	—
Toronto	69	58	.543	5
New York	67	59	.532	6½
Detroit	66	60	.524	7½
Baltimore	64	60	.516	8½
Milwaukee	63	62	.504	10
Cleveland	64	63	.504	10

West Division

California	70	56	.556	—
Texas	67	60	.528	3½
Kansas City	58	69	.457	12½
Oakland	56	70	.444	14
Seattle	56	71	.441	14½
Chicago	54	71	.432	15½
Minnesota	54	72	.429	16

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
New York	85	42	.669	—
Philadelphia	65	62	.512	20
St. Louis	63	64	.496	22
Montreal	61	63	.492	22½
Chicago	54	73	.425	31
Pittsburgh	51	75	.405	33½

West Division

Houston	72	55	.567	—
Cincinnati	65	62	.512	7
San Francisco	65	62	.512	7
Los Angeles	61	66	.480	11
Atlanta	59	67	.468	12½
San Diego	59	69	.461	13½

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Great Britain	£	120	65	36
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Ireland	£Ir.	140	77	42
Italy	Lire	350,000	190,000	106,000
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Portugal	Esc.	19,000	10,400	5,700
Spain*	Ptas.	26,500	14,600	8,000
Sweden*	S.Kr.	1,700	920	520
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OBSERVER

Pity the New Taxpayers

By Russell Baker

NEW YORK — First it was Hughie huddled on my doorstep. "Alms," he cried. "Alms for a poor sufferer who begs a pallet in your home."

Hughie the real-estate czar, desperate for a place to sleep? Impossible. A fortnight ago he had boasted of vast sums invested in condominiums, of a rajah's wealth in Manhattan apartment houses.

"If not a pallet, dear friend, grant me at least a bare board under a tiny air-conditioner."

Once, desperate for an apartment in Manhattan, I asked Hughie if he could get the price on his cheapest apartment down slightly from $750,000. "No way," he had said. "That apartment is already underpriced. The living room has a window."

Now this proud man told a tale of ruin. The new tax bill was the death knell of the real-estate business, for it required Hughie to pay taxes. "Did you ever hear of anything so unfair?"

I felt ashamed. Why should Hughie be destroyed by taxes while I was permitted to survive? But I remembered a lesson he'd taught me. Once I had said it was unfair that he paid practically no tax at all while I paid so much I couldn't afford an apartment with a window in the living room, and Hughie said: "Sure it's unfair. So what? *Life is unfair.*"

Such a manly reply. So bottom-line. And so right for me at the time, too. It was shameful to whimper and whine about my unfair tax burden. Suppose John Wayne had heard me acting like a sissy.

□

Hughie's "Life is unfair" had spared me. In a subtle way he had been saying, "Don't ever let John Wayne see you sniveling about a little thing like being unfairly taxed, or you'll never forgive yourself."

I had always been grateful to Hughie for that. Now at last, as he huddled on my doorstep pleading for a pallet, I could repay the favor.

"Yes, Hughie," I said, "taxing you is unfair. But never forget: Life is unfair."

To illustrate the point, I kicked his huddled form off my doorstep, tossed an unmade pallet out the window and urged him to use it on the open range where he could be seen and admired if John Wayne happened to glance down from the Big Cattle Drive in the Sky.

"You don't understand," he said. "When you're unfairly taxed, nobody but you has to suffer. But when I'm unfairly taxed, my incentive to build is destroyed, so everybody who wants a $750,000 apartment with a window in the living room has to suffer."

Next day I saw Siggie standing on a street corner selling pencils. "Siggie," I said, "do you realize that if Congress makes Hughie pay taxes, I will never again be able to covet an apartment I can't afford?"

Siggie shrugged in despair. I was appalled. "Siggie! They're not going to tax you, too?"

Yes. Those were tears in the eyes of the famously profligate defense contractor. He would have to pay taxes. The news had destroyed all his incentive to build $600 toilet seats and reduced him to selling pencils on street corners.

□

"If you really want to stop the Russians," he said, "you'll write your congressman a plea to double your taxes so I can regain my incentive to defeat Communism."

"Sell me a pencil. I'll write immediately."

"Try this one," he said. "It's yours for only $3,500."

I tried it. "It doesn't work."

"Instead of being a nitpicker, *why don't you just telephone your congressman?*"

Headed for a phone, I was stopped by Tex, the renowned expense-account artist. "Can you spare $5 for a cup of coffee?" he asked.

Poor devil. "Tex, Tex old friend — have they reduced you to panhandling?"

The new tax bill had ruined him. Since only 80 percent of his pleasures would be deductible, he had to raise the other 20 percent by cadging money in the street.

"But $5 for a cup of coffee? That's 20 percent of $25," I observed. "You can get a cup of coffee for a lot less than $25."

"You may eat in pigsties; I don't," Tex said.

I gave him the $5. I'd hate to think of what will happen to our country's great expense-account palaces if their customers have to pay their own bills.

New York Times Service

Leonardo Sciascia: Sicilian Cliffhangers

By Herbert Mitgang
New York Times Service

RACALMUTO, Sicily — Leonardo Sciascia's farmhouse sits half-hidden on a hillside overlooking a landscape of vineyards and olive groves deep in south central Sicily, near the town where he was born 65 years ago. But he does not have a telephone or keep a car, and his house has no address. To visit the writer regarded by European critics as one of Italy's most distinguished novelists, it's almost necessary to make a wrong turn or two first. One such turnoff near Racalmuto led a recent visitor to a cul-de-sac named Via Pirandello, — a symbolic accident.

"At the moment I'm working on a book about Pirandello," Sciascia said. "A dictionary that will include everything about him and his work — the names of his characters, his stories and dramas, biographical details and the personalities in his life. I've written one book about Pirandello and Sicily. I'm also thinking about my next article for L'Espresso. I write a monthly essay for the magazine on almost anything — literature, politics, history."

["Sicilian Uncles," a collection of four tales, three written in 1958 and the fourth in 1960, early in Sciascia's writing career, has just been published in the United States by Carcanet, translated by N. S. Thompson. The book deals with Mafiosi and heroes, and the interchangeability of justice and vengeance. They range from a tale of an American aunt who has been sending her relatives aid from the United States, but disrupts their lives when she arrives for a visit just before the 1948 election to the story of a young man who joins the Franco forces in Spain during the Spanish Civil War.

[Writing in The New York Times Book Review, Sergio Perosa called the tales "highly readable and painfully witty." The stories "construe Sicily both as a particular reality and as a metaphor for the world."]

Sciascia reaches into the bookshelves in his living room — which hold editions of works by Shakespeare, Borges and Pirandello — and finds a copy of his latest novel, "La Strega e il Capitano" (The Sorceress and the Captain). The 88-page book was published in Milan this spring; it might be a few years before it appears in English.

"After I collect my material, I write very quickly," Sciascia said. "When I begin a novel, I know everything about it — including the actual words and sentences. I outline rather carefully. That means I make very few changes — *pochissimo* — when I get down to the actual writing. This novel was first serialized in a Milan newspaper, but I didn't like the way they did it. They broke it into sections just for the sake of suspense, like a cliffhanger. A book has to be read straight through." Readers who look forward to his books sometimes wonder if he writes too slowly. "I type with only one finger of one hand, my right index finger. I keep one typewriter here in the country and another just like it at the apartment that my wife and I share in Palermo. I type about four pages a day. After every page, I take one cup of coffee. Three pages, three cups. Sometimes a fourth page is the one that I've written the day before."

Herbert Mitgang/The New York Times

Author Sciascia: "The Mafia might even be proud."

He has a ready response to the occasional criticism that some of his novels, at least in length, are more in the nature of novellas — that he does not go the long distance. "Well, there are thick writers and thin writers. Stendhal was the first thin writer. I share with the late Prince of Lampedusa, the Sicilian author of 'The Leopard,' a love for Stendhal, though his writing greatly differs from mine. You can categorize most novelists in one way or another. Stylistically, I think of novelists as baroque or not baroque. Faulkner was baroque. Hemingway, despite appearances, was also baroque. Lampedusa, part baroque, part not. Conrad, not baroque. Thoreau, baroque. Whitman, baroque. Saroyan, baroque."

And himself? "Not baroque."

Sciascia said he educated himself by reading whatever he could get his hands on that had been translated. He is not a university graduate and, when offered an honorary degree from the University of Palermo several years ago, he turned it down. For most of his working life, he served as a schoolteacher in Caltanissetta, not far from Racalmuto. He became a full-time writer only at age 48.

Sciascia thinks very little of the popular American writers who have turned out commercial books about the Mafia. He did not finish "The Godfather" because he found it "tawdry." In several of his own novels and essays Mafiosi appear in an evil light. "The Mafia here is rooted in Sicilian ideology," he said. "Mafiosi have a sense of superiority. It's an attitude that contributes to their criminality. Lampedusa once wrote that the Sicilians regard themselves as the salt of the earth."

Isn't he afraid that the Mafia will harm him because he has exposed them in his writings? "The Mafiosi aren't interested in literature," he said. "Normally, the Mafia confines itself only to a very well-defined danger." He smiled. "They're not worried about me. Who knows, the Mafia might even be proud that I'm a Sicilian writer."

PEOPLE

Orson Welles Film Found

Long-lost material from an unfinished 1942 **Orson Welles** movie on Brazil has been found and some of it is scheduled to be be shown at the Venice film festival. About 300 cans of film of the semi-documentary "It's All True" were found two years ago in a Paramount vault, the trade daily Variety reported. The 100,000 feet could turn into 18 to 20 hours of movies, the newspaper said. **Fred Chandler**, director of technical services at Paramount and an Orson Welles buff, discovered the footage while seeking additional film space. A 22-minute short, "It's All True: 'Four Men on a Raft'" by Chandler and the American Film Institute, will be shown Saturday at the Venice festival. The publication noted that Welles was apprised of the find but died Oct. 10 without seeing the lost footage.

□

After a wave of violence at theaters showing the **Sylvester Stallone** movie "Cobra," **Paolo Brossard**, the Brazilian justice minister, told distributors in Brazil to cut scenes of violence from the film. Brossard has also ordered theaters to raise the minimum age for seeing the picture from 14 to 18. . . . Meanwhile in Copenhagen, where Stallone is on a visit with his Danish-born wife, **Brigitte**, his private Boeing 727, which he has named Rambo Air Force 1, was the target of graffiti artists who painted the words "Ho Chi Minh Air Force" on it. A group calling itself the Danish Underground Consortium claimed responsibility.

□

Princess Caroline of Monaco banged her car into a rock outcropping about 200 yards from the spot where her mother, **Princess Grace**, was fatally injured in a car crash in 1982. A palace spokeswoman said Caroline, 29, "was a little shaken up at the time, but recovered quickly" after the accident last weekend. The princess was alone in her car en route to her country residence in the northern part of the Mediterranean principality when the accident happened. Blinded by the bright lights of an oncoming vehicle, she pulled sharply to the right and banged into a parapet, damaging the fender of the car.

□

Stephen Flanagan, an Irish housepainter, took an Irish revenge when his bank in London turned down his request for a loan to tide him over business troubles. The 44-year-old Irishman painted the entire front of a Barclays branch bank building, including the front door, emerald green, London's Southwark Crown Court was told Wednesday. Flanagan pleaded guilty to causing £2,000 (about $2,960) worth of damage. Police told the court that Flanagan told them his customers owed him £25,000 but that the bank refused to lend him £5,000 and bounced two of his checks. Flanagan, who wore an emerald green pullover for his court appearance, was remanded on bail until Sept. 17 for probation and medical reports.

□

Now that the uproar over his cache of "Helga" paintings has died down, the artist **Andrew Wyeth** and his wife, **Betsy**, have decided to let the state of Maine use their private island to re-establish a caribou herd. The state wildlife commission officials made the announcement at a news conference, saying the Wyeths' 450-acre Allen Island would be ideal for the caribou because they would not have to worry about predators. Mrs. Wyeth, who lives with her artist-husband in Chadds Ford, Pennsylvania, said the family uses the island during the summer months but said there should be enough space for the Wyeths and the caribou to co-exist. "I don't believe there will be any conflict," she said. "If I did I wouldn't have allowed it."

□

The singer **Jermaine Jackson**, a brother of **Michael Jackson**, said he believes neighbors' complaints about an 18-foot-high (5.5-meter), $250,000 fence he has built round his home in Los Angeles with his initials written in gold on the gates are a smokescreen for racially-motivated harassment. Neighbors complained that the fence violates zoning laws because it is too close to the roadway and they want it pulled down. Jackson said some of his neighbors had taunted his family with racial slurs even before the fence was built. The black wrought iron fence is topped with a pair of iron gates trimmed with gold leaf. The initials of Jackson and his wife are entwined in gold on the top of the gates.

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